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SOUTH AND EAST ASIA REPORT

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MAJORITY OF BOAT PEOPLE NOW ETHNIC VIETNAMESE

Kuala Lumpur NEW SUNDAY TIMES in English 10 Aug 80 pp 12, 14

[Article by Zainah Anwar]

[Text]

THERE is no longer the likes of the fiery Dung, a former political science and journalism lecturer who ran Radio Bidong with a "strong anti-Communist spirit", complete with daily readings from a Vietnamese translation of *The Gulag Archipelago*.

Or the likes of Thieu who spoke fervently of conditions under "that Communist despotism in Vietnam" or of Daung who said he'd rather die with his family in the high seas than "live under the Vietcong."

Gone are the passionate anti-Communists so many of whom were on Pulau Bidong last year. This time around, many of the men I spoke to had escaped alone, leaving wives, daughters and parents behind in Vietnam. Once resettled, they hoped to get their families out — through the official way.

For most, it was not because they could not afford to bring the family with them, but it was because they did not want to risk having a whole family perish in the high seas or the womenfolk raped by pirates.

Now that they are safe in a refugee camp, they are anxious to be resettled quickly so that they could start getting official help to fly their families out Vietnam. But none of them had heard about the Orderly Departure Programme which would of course be the ideal passport to resettlement.

Though living conditions on Bidong have improved tremendously with only about 10,000 boat people compared to last July's 27,000, the high spirits and high hopes that permeated the camp last year seems rather dampened now. Those (that I'd met) who had been on the island for more than a year — about 2,000 of them — all said they're tired of waiting and are upset that they still do not know when they'd be leaving.

Bribery

The new arrivals, meanwhile, are getting anxious because they had not expected to find people who had been waiting for more than six or seven months on Bidong. And they now wonder if their stay will be as long.

About 11,000 boat people have landed on Malaysia's shores since January. But officials expect the rate to drop dramatically for the rest of the year because of the oncoming monsoon.

While the majority of those who landed last year were Sino-Vietnamese, almost 90 per cent of this year's arrivals are ethnic Vietnamese, according to refugee officials. Some say the estimated quarter million Chinese still in Vietnam are either waiting for the start of another government-sanctioned exodus or have maybe found themselves useful work in Vietnam's reorganisation of its economy.

But life, said the boat people, is much harder for the thousands of ethnic Vietnamese who were scholars, professionals or had worked for the American or South Vietnamese governments or served in the Armed Forces. As they're not allowed to hold any government position now and as they do not qualify for food rations, many had to turn to private business to make money to buy food and other necessities on the

expensive black market and to save for an escape.

At least last year, the boat people said, it was quite easy for an ethnic Vietnamese to bribe some officials, get his name changed to a Chinese one and get onto one of the officially-sanctioned boat trips and safely journey to the shores of nearby countries.

But these trips have stopped since the Geneva conference and those who want to leave will have to do it clandestinely. The new arrivals on Bidong said it is getting more and more difficult to escape from Vietnam because of vigilant patrols on both land and sea. The bigger fishing boats that ply the coast of Vietnam now have armed Vietcong on board to prevent any attempt to escape by the crew and to also keep a look-out for escaping Vietnamese.

One of the refugees said he and his boat crew of 10 had one night killed the two Vietcong on board, thrown the bodies overboard, headed back to the river mouth to pick up their waiting families and made the dash to freedom.

According to Do Dahn Don and Nguyen Chuong, two boat people now working as interpreters for the US delegation on Bidong, it is getting harder to organise an escape because there are so few people who can be trusted in Vietnam.

The officials and policemen that you had bribed would turn you in,

they said. And the organiser had better be a close friend or relative or you might not see him again after you've given him your gold.

The prices for boats, engines and petrol have gone up and the rate for bribes is more now. It costs a person about two taels (22 oz) of gold to join an escape that would cost at least 64 oz of gold to organise. A large fraction of this is used to bribe different officials — to get papers to travel from Saigon to a coastal town, to get permission to buy a boat, permission to buy petrol and a new engine and permission to go fishing on the river.

Rendezvous

From there, they meet the escaping group at a rendezvous near a river mouth and then head for an uncertain journey into the sea. Nguyen Khiem, an American educated statistician, said his boat was plundered twice, not by Thai pirates, but by Vietnamese fishermen armed by the government.

He said they were lucky not to have been shot or towed back to Vietnam. A bribe of 20 oz of gold the first time and 12 oz. the second time, plus all jewellery, watches, and clothes on board, persuaded the fishermen to allow them to continue their voyage.

Khiem, who had left his wife and children in Saigon — as he still calls his hometown — said

he'd never let them try to escape as it is too dangerous. If they're caught, they would be jailed; after release they would not have a home to go back to because the government confiscates any house left empty for even one night.

Much as Khiem wants to resettle in the US (he spent four years studying statistics at a university in Iowa) he has decided to go to Canada — it means a much shorter

wait on Bidong and a better chance of getting his family out of Vietnam because of Canada's diplomatic relations with that country.

Most of the refugees who have been on Bidong for more than a year have been rejected by other third countries and are now in the low categories of the US selection programmes. About 2,000 of them were sent to the refugee processing centre in Bataan, Philippines, last January and February for another one or two year wait before final resettlement in the US.

But now even those in the high categories, but who are having problems tracing relatives or former American bosses, prefer to apply to countries like Canada and Australia because departures to these countries can be within four months of arrival or even less. Many just want to be resettled quickly so that they can start work and arrange to get their families out of Vietnam.

ORDERLY DEPARTURE PROGRAM FOR BOAT PEOPLE NOT WORKING

Kuala Lumpur NEW SUNDAY TIMES in English 10 Aug 80 p 12

[Article by Zainah Anwar]

[Text]

THE Orderly Departure Programme for Vietnamese wishing to leave their country to join families resettled in third countries is almost at a standstill.

First announced by the UNHCR and Vietnam in June 1979 and later taken as one of the solutions to the boat people problem at the Geneva conference held a month later, the ODP would have enabled those qualified to leave Vietnam to fly straight to receiving countries where their close relatives have resettled. This would thus cut out the treacherous sea journey to overflowing camps in first asylum countries.

But according to a UNHCR official in Kuala Lumpur, only 1,200 people had left Vietnam under this programme up to

the end of March. He said receiving countries and Vietnam have not been able to agree on the kinds of people that the former would allow in and the latter would allow out.

Under the programme the Vietnamese government was to supply the UNHCR with a list of names of people who wished to leave Vietnam and the receiving countries were to submit another list of names, based on requests from resettled Vietnamese, of those they would allow into their countries under a family reunification policy.

If a person's name appears on both lists, then he qualifies for exit. But in practice, the 39,000 names on Vietnam's list and the 14,000 on the receiving countries list

hardly ever match and officials on both sides have not been able to agree on a common criteria for selection.

Relatives

According to Al Lukie, the Canadian counsellor for Immigration at its High Commission in Singapore, most of the 39,000 people Vietnam wants to see leave are Sino-Vietnamese — as were those that Hanoi expelled in a mass exodus of officially sanctioned trips to the shores of Hong Kong and Asian countries in the first half of last year.

"We're not prepared to take people Vietnam is predisposed to throw into our laps," said Mr Lukie. "But we're prepared to take people with relatives in Canada under our family reunification

programme."

He said the Canadian mission in Bangkok has submitted "list after list" containing thousands of names to the Vietnamese government, but it has not been able to "co-ordinate our list with Vietnam's."

"They want us to take in people on their list, most of whom do not have any relations whatsoever with Canada. Their ultimatum is: 'You take these people. But most of them won't even qualify under regular Canadian immigration laws. We'd have to check into their backgrounds and we're not allowed to do this in Vietnam.'

"So now the programme is not moving as it should," said Mr Lukie. Of the 1,200 who have left under the ODP, 885 went

to France, 250 to Canada and the rest to other countries, with only nine to the United States.

According to a UN Embassy official in Kuala Lumpur, the hold up of the programme is due to Vietnam's "suspicion and reluctance to co-operate in full."

Interviews

The Americans have insisted on their right to interview those who want to leave before they can be accepted into the US, but the Vietnamese government has not allowed any American counselors into Ho Chin Minh city for this purpose.

"We want to be allowed to be under UN auspices to determine if these people really wish to depart the country and where they

want to go," said the official. "We want to interview them and prepare documents. But Vietnam wants the international community to take these people according to their criteria while we want to make our own judgments."

"If the Vietnamese want to make the ODP work, they can do it. But maybe Vietnam simply does not want to have a programme at this time or they only want a limited one," he said.

As a UNHCR official put it, Vietnam is obviously authorising to leave those people they're happy to see go while the third countries are authorising only close relatives to come in.

While Vietnam has been keeping its pledge

made to the Geneva Conference in curbing illegal departures, the estimated 700,000 Sino Vietnamese still living in Vietnam could well be involved in another mass exodus in the future.

A top-level officer from Malaysia's Task Force Seven said if the Orderly Departure Programme fails, eventually the people who want to leave Vietnam will come to the shores of Malaysia and other first asylum countries.

Although Malaysia's official policy is still to maintain a "closed door" to Vietnamese boat people, in practice, all boats have been allowed to land in the past few months and illegal immigrants sent to camps in Pulau Bidong, Cherating, Pulau Tengah, Kemumin and one in Sarawak. As the

officer said, as long as third countries are keeping their promise in resettling all these people, the Malaysian government will allow them in.

So far the departure rate of between 2,000 to 3,000 from January to June has been much higher than the arrival rate. But what happens if another mass exodus were to occur? The UNHCR has said its machinery is always available to implement the Orderly Departure Programme.

As its official here said "We have our people in Vietnam and we've the possibility of arranging flights, but we have to wait for the governments to agree who can go and who can come in. It is a question of a political will for a humanitarian solution."

BANGLADESH, INDIA DISAGREE OVER NATURAL GAS PRICE

Karachi DAWN in English 4 Sep 80 p 9

[Text] London, Sept 3: A major row has developed between Bangladesh and India over the question of what price the former is entitled to charge for its natural gas.

Recently, Bangladesh offered to supply India with 28 billion cubic metres of natural gas over the next 20 years. In return, India promised to pay almost the entire cost of a pipeline connecting Dacca with Calcutta. This is estimated at around Indian Rs. 6 billion (56 million dollars).

But even as New Delhi is working out the details of the project, Mr Akbar Hossain, the Bangladesh Minister for Fuel and Mineral Resources, told journalists in Dacca that his Government has decided in principle that natural gas will be sold to India at a price pegged to that of crude oil.

Bangladesh's argument is that there is no reason why, calorie for calorie, gas should be sold at a cheaper price than oil. According to Mr Hossain, the price should be determined solely on the basis of the energy producing potential of the gas.

So far, Bangladesh has found gas deposits of about 340 billion cubic metres in and around Sylhet and Comilla. Pipelines from these to Dacca have also been constructed the two areas are said to have a potential of 566 billion cubic metres of gas. [as published]

The export of its natural gas has always been a ticklish problem in Bangladesh. Some experts, backed by political groups, have argued that the wealth should be used to promote indigenous petrochemical industries.--PPI.

CSO: 4220

JAPANESE INVESTMENT IN ASIAN COUNTRIES DECLINING

Kuala Lumpur BUSINESS TIMES in English 29 Aug 80 p 1

[Text]

THE serious decline of Japanese investment in Asian countries is a matter of growing concern among its members. Deputy Foreign Minister, Datuk Mohdhar Hashim said yesterday.

According to him, Japanese private investment dropped by 60 per cent from US\$113 million (M\$1.83 billion) in the first nine months of 1979 to US\$37 million (M\$0.6 billion) in the same period of 1979.

Opening a seminar on Asian-Japan economic relations at the University of Malaya, Datuk Mohdhar hoped this trend would be reversed for the mutual benefit of both sides. He pointed out that the Asian five faced difficulties in gaining access to the Japanese market. They also faced problems arising from the wide technology gap between developed and Third World nations.

Improvements in the flow of investment to Asian countries could be effected by the relaxation of "non-competitive" industries from Japan to Asian countries. He said this with regard also to industries which could use the abundant raw materials supply, and the cheap and relatively skilled labour force available in the region.

On the trade front however, Datuk Mohdhar was pleased to note that Asian had a very favourable balance of trade with Japan, with exports to that country totalling US\$16.5 billion (M\$26.8 billion) last year.

But he emphasised that it would be unwise for Asian countries to be complacent because of this favourable trade balance with Japan.

The decade of the 80's will be crucial. It will be important for Asian to intensify its cooperation

with Japan in certain essential areas. Much more can be done to promote trade with Japan through improvements in that country's Generalised System of Preferences (GSP).

He said there should be further relaxation of tariff and non-tariff barriers to give greater access to Asian's exports including manufactured and semi-manufactured products.

Apart from trade, Japan's official development assistance commitment to Asian in 1979 amounted to about \$1.345 billion, representing 42 per cent of Japan's global official development assistance for that year.

Financial assistance to the tune of US\$1 billion had also been offered for the implementation of Asian industrial projects. Datuk Mohdhar noted that the Asian in-

dustrial projects were of special significance in that they would foster solidarity, unity and co-operation in the Asian region.

To date, Japan has committed financial assistance of US\$113 million to the Asian area project in Indonesia which is expected to start production in 1982. It has also assisted in the feasibility studies of the Malaysian Asian area project to be located in Bintulu, Sarawak, he said.

Elaborating on the nature of Asian-Japan relations, he said that it was not confined to the economic sphere but also included the fields of science and technology. Courses and seminars on energy and agricultural machinery had been organised to facilitate the transfer of technology and industrial development.

NEPALESE ENVOY TO THAILAND NAMED

Kathmandu THE RISING NEPAL in English 9 Sep 60 pp 1, 4

[Text] Kathmandu, Sept 9: His Majesty King Birendra has appointed Mr Khelendra Prasad Pandey Royal Nepalese Ambassador to Thailand, reports RSS.

This was stated in a notice issued here today by the Principal Press Secretary of His Majesty the King.

Mr Pandey received his M.A. degree in Economics from Lucknow University and was professor of economics at Trichandra College and Tribhuvan University from 1956 to 1972.

President of Nepal College and University Teachers' Association from 1968 to 1970, he was a nominated member of the Rastriya Panchayat from 1972 to 1976.

Mr Pandey has been decorated with Gorkha Dakshin-bahu Second Class, and has visited America and Europe.

Mr Pandey, 49, currently member of the Nepal Rastriya Bank Board of Directors is married and has one son and two daughters.

CNHI: 4220

NEPAL-TIBET AUTONOMOUS REGION BILATERAL TRADE

Kathmandu THE RISING NEPAL in English 10 Sep 80 p 1

[Text] Kathmandu, September 9: The bilateral trade traditionally existing between Nepal and Tibet Autonomous Region of the People's Republic of China constitutes bulk of the economic activities for people in northern border areas, according to the experts here, reports ISS.

Nepalese exports to Tibet Autonomous Region, according to the Trade Promotion Centre, includes rice, flour, sugar, chilli, ginger, jute bag and rope, candle and so forth, while unprocessed wool, salt, sheep and goats, cloths etc. constitute main Nepalese imports from the Tibet Autonomous Region. [as published]

Trade circles here say that most of trade between the two sides is conducted on the basis of barter system while transaction to some extent is also done by paying cash.

If food item constitute bulk of Nepalese export to Tibet Autonomous Region, Nepalese traders seem to prefer bartering their merchandise to unprocessed wool.

Meanwhile a reliable source says that the volume of trade between Nepal and the Tibet Autonomous Region via Kodari exceeded 40 million rupees last fiscal year.

While calling for efforts to increase Nepalese export of flour, ginger, jute bag rope, candle etc. to the autonomous region, the trade circles note that the trade and payment agreement signed between Nepal and the People's Republic of China in 1974 gave a fillip to bilateral trade.

However, Nepalese traders feel that effective measures need to be taken to regulate trade between the two sides.

CSO: 4220

INTER-ASIAN AFFAIRS

BRIEFS

AUSTRALIA AIDS NEPALESE LIVESTOCK--Kathmandu, Aug. 29--The Government of Australia has agreed to extend an assistance of 780 thousand and Australian dollars to Nepal to carry out livestock development project, reports RSS. According to the Finance Ministry, agreement in this connection has already been concluded between His Majesty's Government and the Government of Australia. Meanwhile, a visiting team of the Asian Development Bank is learnt to have completed exchange of views with officials concerned of His Majesty's Government in connection with providing assistance to Nepal in implementing eight different mini hydel projects in different parts of the country. The eight mini-hydel projects are proposed to be carried out in Ilam, Terhathum, Dhunche, Tatopani, Shyarpur-Daha (in Rukum district) Chaurjhar (in Jajarkot district) Bajura and Bajhang. [Text] [Kathmandu THE RISING NEPAL in English 30 Aug 80 p 1]

JAPAN AID TO PHILIPPINES--Tokyo 5 Sep KYODO--Japan will provide the Philippines with yen 2,766 million in grant aid for educational and agricultural projects, the Foreign Ministry announced Friday. Diplomatic notes to this effect were exchanged in Manila the same day. Of the amount, yen 1,850 million will be used to establish a general research and training center at the Technological University of the Philippines, and yen 916 million for construction of irrigation systems in northwestern Luzon Island. [Text] [Tokyo KYODO in English 0601 GMT 5 Sep 80 OW]

CSO: 4220

LONG-TERM TRADE PACT WITH PAKISTAN EXPLORED

Dacca THE BANGLADESH OBSERVER in English 12 Jul 80 pp 1, 16

[Text] Bangladesh and Pakistan have agreed to explore possibility of concluding a long term trade arrangement particularly for bulk items of both way trade between the two countries, Commerce Secretary Mr Matiur Rahman said in Dacca on Friday reports BSS.

Mr Rahman told newsmen on return to Dacca from Karachi after a three day visit to Pakistan that the two countries also agreed to explore possibility of conclusion of "special trade arrangement (STA)" between the state trading agencies of their respective countries for a "substantial break through" of bilateral trade.

During the visit Mr Rahman led the Bangladesh delegation in the second meeting of the Joint Committee on Trade held in Islamabad and signed agreed minutes with his Pakistani counterpart Mr Isaharul Huq on Thursday. On way back home in Karachi he held meetings with the Chairmen of Pakistan Export Promotion Bureau (EPB) Pakistan Federation of Chambers of Commerce and Industry (PFCCI). Pakistan Cotton and Rice Export Corporations, and Trading Corporation of Pakistan.

The Joint Committee on Trade undertook a detailed review of trade between the countries and also identified the measures for further development and diversification of bilateral trade. It was noted with satisfaction that the volume of two-way trade had doubled over the last four years and felt that there were yet considerable scope for further expansion of trade between the two countries.

Mr Rahman said Bangladesh's raw jute, jute goods, tea, newsprint, paper cellophane rayon yarn, ginger, betel leaves broom sticks wet blue, leather, electric wires and cables telephone cables, plywood, timber, hard-board, parties drugs and medicines and glass sheet have potential for increased exports to Pakistan. [as published] Items, such as, raw cotton and cotton yarn have prospects for increased import into Bangladesh, he said adding that there were also prospect for import of dolomite, sports goods surgical goods and drugs and medicines.

The Commerce Secretary said that the two countries had also agreed to expedite the setting up of the conference line and service to promote trade on Bangladesh-Pakistan-Gulf ports and routes and Bangladesh-Pakistan-Red Sea ports and routes. Bangladesh and Pakistan also agreed to set up a joint committee of the chambers of commerce of the two countries and to hold mid term trade review talks in addition to the annual review talks in practice now.

Mr Rahman said that it was agreed to exchange trade delegations and sales missions between the two countries for promotion of trade and with this end in view, it was also agreed to facilitate holding of trade fairs and setting up of display centres in each other's countries.

The other member of the delegation was Choudhury A.K.M. Aminul Haq Joint Secretary, Ministry of Commerce. On arrival the Commerce Secretary was received at the airport by senior officials of the Ministry of Commerce and Pakistani diplomats.

CSO: 4220

FOREIGN MINISTER SPEAKS ON NEW BAY ISLANDS

Dacca THE BANGLADESH TIMES in English 10 Jul 80 pp 1, 8

[Text] Foreign Minister Prof Shamsul Huq told the Jatiya Sangsad on Wednesday that the work of joint survey to determine the ownership of the newly emerged island at Hariabhanga estuary was yet to begin.

Replying to a question by Maulana Abdur Rahim of IDL, the Foreign Minister said that the Indian Government had agreed to the Bangladesh's proposal to conduct a joint survey to ascertain the ownership of the newly emerged islands in the Bay of Bengal near the Indo Bangladesh border.

Prof Shamsul Huq said that according to the Indian newspapers the Indian authorities had named such an island as 'Purbasha' and hoisted their flags. Bangladesh had already informed the Indian Government that ownership of such islands could be determined only through joint survey.

The Foreign Minister said that after the publication of the news in the Indian press the viewpoint of Bangladesh had once again been communicated to India with a request to conduct the joint survey and determined the ownership at an early date.

In reply to a supplementary, Prof Shamsul Huq said that Bangladesh was yet to receive any reply from India to its latest communication. He said that Bangladesh would take measures according to rules if no reply came from India. He expressed the hope that India would extend her cooperation and behave like a good neighbour and arrange a joint survey.

The foreign minister said that so far India did not claim the island officially. The Indian government had provided Bangladesh with some information where the island had been shown as theirs while Bangladesh had also claimed its sovereignty over the island according to the data available with us.

He said that Bangladesh Government had no such information that India had taken physical possession of the island people of both the countries were

freely visiting that island. He in reply to a supplementary, the Foreign Minister said that India flags were now flying in that island. He expressed the hope that the flags of Bangladesh would fly in appropriate time. [as published]

In reply to a question by Syed Abdus Sobhan of BNP Prof Shamsul Huq said that some Bangladesh nationals were being detained in Burmese prisons. He said that the Bangladesh mission in Rangoon had been asked to furnish detail information in this regards. He said that the government had always tried to get release of our nationals detained in foreign countries and similar actions were being taken in this case also.

The Foreign Minister replied in the negative when Mr Ibrahim Khalil of Muslim league wanted to know whether India wanted any permission from Bangladesh to use its territory to control political disturbances in Assam.

CSO: 4220

DELEGATE ADDRESSES RIVERS COMMISSION

Dacca THE BANGLADESH TIMES in English 10 Jul 80 pp 1, 8

[Text] Kazi Anwarul Haque, Minister for Power Water Resources and Flood Control, on Wednesday in Dacca expressed Bangladesh's grave concern over the construction of barrages on the Gumti and Khowai rivers by India to divert the water for irrigation.

In his inaugural speech at the opening session of the 19th meeting of Joint Rivers Commission (JRC) at the State Guest House, Mr Haque, who is the chairman of the current JRC meet, main' ined that such unilateral action in disturbing the water flows would certainly 'put in jeopardy the understanding in the commission.'

The Bangladesh Water Resources Minister requested India to stop the construction of barrages on the Gumti and Khowai. He said that Bangladesh had been using the entire flows for irrigation in its area for a long time and it had two projects on the two rivers.

Mr Haque proposed that the standing committee set up by the JRC might be directed to look into the two problems on a priority basis and report to the commission by January, 1981.

Approaching Nepal

Kazi Anwarul Haque said that Bangladesh was looking forward for India's response on a draft formulation submitted by Bangladesh on the question of approaching Nepal for augmenting dry season flow of the Ganges. He said that the India's response was necessary to give guidelines to the committee to prepare an agreed terms of reference for approaching Nepal.

He felt that the deliberations of the committee formed at the resumed 18th meeting of JRC in New Delhi in April last on the question of associating Nepal should continue.

Teesta

Mr Haque urged the leader of Indian side at the current JRC meet to agree to a 'workable solution' for sharing of the Teesta waters based on the data of Nepal Jalpaiguri (Station 39) in India.

He said, "Bangladesh is greatly concerned that not much progress has been made on the question of sharing of Teesta waters, while India is continuing with the construction of her Teesta barrage."

He pointed out that India agreed to share waters of the Teesta with Bangladesh during the 16th JRC meet. He said that Bangladesh only after India's assurances had started construction of her Teesta barrage for immediate sharing of the Teesta waters.

Mr Haque said that Bangladesh and India, for the last 25 years, exchanged voluminous data on the Teesta river. The project features, requirements of water and other related matters were also exchanged without any question on the reliability of the from either side the data of four sites (two in India and two in Bangladesh) on the Teesta had also been exchanged by the two sides in September last year, he said. 'It is imperative for Bangladesh that the waters of the Teesta is shared by India and Bangladesh' he said. [paragraph as published]

Border Rivers

While underscoring the need for urgent attention of the JRC to the border river problems between the two countries, Mr Haque said that despite direction of the JRC, not much progress had been made to resolve these issues.

He said that no progress had been made so far by the standing committee set up in December, 1979 to look into the urgent problems of the border rivers already identified by the JRC, and submit its recommendations. He felt that the commission might direct the standing committee to immediately look into the problems and submit its recommendations to the commission.

He said that the JRC had decided to set up local level committees to look into the specific border river problems urgently. But Bangladesh had constituted five local level committees while India had set up only one committee so far, he said adding that only one meeting of the local level committee could be held so far without any decision.

The Flood Control and Water Resources Minister said that both Bangladesh and India should endeavour to resolve the border river issues in a spirit of goodwill and mutual understanding. He said that the local level committee should be formed immediately so as to avoid any unilateral action detrimental to the interest of a party." [as published]

He felt that the local committees must meet to discuss the problems with a view to resolving them and report to the JRC by January, 1981.

Protective Works

On the "reported" river protection works by India on the right bank of the Ganges below Farakka for a length of 62 kilometers, Kazi Anwarul Haque said that the river protective works of India would further aggravate the already serious erosion problem Bangladesh was having on the left bank of the Ganges.

As the erosion is due to operation of the Farakka barrage, he suggested that the joint committee for sharing the Ganges waters might look into the problem, inspect the site and submit their report for coordinated protective works of the Ganges.

He suggested following agenda for consideration at the 19th MRC meet: (a) augmentation of dry season flows of the Ganges, (b) sharing of the waters of the Teesta rivers, (c) exchange of hydro-meteorological data of the Ganges basin (d) Indjar scheme or control of erosion on the Ganges below the Farakka barrage (e) construction of a barrage by India over Gumti river at Monpani, (f) construction of a barrage by India on the Khowai river near Dhakmaghat, (g) border river problems, (h) water utilization schemes in the common rivers.

CSO: 4220

RIVER COMMISSION MEMBERS HOLD PRESS CONFERENCE

Dacca THE BANGLADESH OBSERVER in English 12 Jul 80 pp 1, 16

[Text] The 19th meeting of the Joint Rivers Commission ended in Dacca on Friday with Bangladesh and India agreeing to hold its next meeting by the end of August in New Delhi to further narrow down their differences in finding a solution to river water problems reports BSS.

A joint Press release was issued at the end of the fifth and last session of the JRC meeting lasting over two hours and the two delegation leaders jointly briefed the Press at the airport before departure of the Indian team led by Irrigation Minister Mr Kader Panday.

Kazi Anwarul Huq, Water Resources Minister said, efforts would be redoubled to further narrow down the differences of two sides on the question of Neral's association in augmentation of dry season Ganges flows. [as published]

Mr Huq said the Ganges system has its origin in Nepal and flows down to the sea through India and Bangladesh. "So we are trying to remove the misgivings of India about Nepal's association in the project," he added.

Kazi Anwarul Huq said, "We are trying to understand each other's point of view in the efforts to narrowing differences through discussions in a friendly atmosphere."

Replying to a question he said that the two sides were discussing various issues ranging from inadequacy of available data to what might happen in cases of interference with the natural courses of international rivers through artificial means.

Mr Huq said it was true that development of waters would require interference but some time such interference gave more trouble than benefit.

The Bangladesh team leader said, "We wanted a solution and for that efforts would continue."

Kazi Anwarul Huq replying to a question said, the problems of an international river were complicated and added after solving one another fresh one crops up.

Mr Panday expressed the confidence that a solution to the problem would be found.

Asked whether he considered Nepal's association proposed by Bangladesh as an "unfortunate controversy as mentioned by him, the Indian Irrigation Minister said "No it is not a controversy." [as published]

Replying to whether the JRC would be able to recommend a solution to augmentation of dry season Ganges flows within the time limit stipulated in the Ganges waters sharing agreement of November 1977, Mr Panday said, "We are trying that."

Mr Panday said that Bangladesh and India were very friendly countries and added solution of the problems would not be very difficult.

Asked whether he thought that the diversion projects undertaken by India unilaterally on many of the rivers following through the two countries for diverting their waters could affect the very friendly relations between the two neighbours Mr Pandey said. "We have to discuss and solve problems." He added. "Where there is no problem there is no life."

Mr Panday said the Indian proposal for augmentation of dry season Ganges flows was also discussed.

But Mr L.K. Siddiqui, State Minister for Water Resources, pointed out that the Indian proposal was not discussed in the formal meeting of the JEC. He added it came up during informal discussions.

When asked for an explanation to what was meant by the agreement of the two sides to hold the discussions "at other levels" expressed in the joint Press release Kazi Anwarul Huq said, it may be at any level, technical expert, Water Development Board or at government level. He said, "We want a solution and for that discussions at any level necessary will continue."

Mr L. K. Siddiqui added this had expressed the urgency felt by the JRC in finding a solution to the problem.

Mr Panday also expressed the same views.

Replying to a question the Indian Irrigation Minister said that he had called on President Ziaur Rahman Friday morning.

Kazi Anwarul Huq and Mr L. K. Siddiqui saw Mr Panday and his delegation off.

Following is the joint Press release:

"The nineteenth meeting of Indo-Bangladesh Joint Commission was held in Dacca from 8th to 11th July 1980. The Indian Delegation was led by H.E. Mr Kedar Panday, Minister of Irrigation, Government of India and the Bangladesh delegation was led by H.E. Kazi Anwarul Haq, Minister for Power, Water Resources and Flood Control Government of Bangladesh.

"The talks were held in a friendly atmosphere. It was agreed to make redoubled efforts to find a mutually acceptable solution on the augmentation of the dry season flows of the Ganges and the sharing of the Teesta waters, and so far as the former is concerned particularly keeping in view the mandate given to JRC under the Farakka Agreement. It was further agreed to continue the discussion at the JRC and where necessary at other levels towards this objective in a spirit of understanding and good neighbourly relations.

"It was decided that the next meeting of the Commission will be held by the end of August, 1980.

CSO: 4220

MINISTRY ANNOUNCES JUTE POLICY FOR 1980-81

DE-14 THE BANGLADESH TIMES in English 10 Jul 80 pp 1, 8

(Text: The jute policy, 1980-81, announced in the city on Wednesday, proposes no statutory minimum price (SNP) for internal procurement of jute for the time being.

Jute Minister Mr Habibullah Khan, while announcing the jute policy at a news conference held at the Jute Ministry building, told newsmen, "However, we retain the right to impose SNP if and when the market demands it at the price most appropriate for the growers."

The jute policy is featured by measures for protecting the growers' interest and improvement of the functional efficiency of the existing agencies.

Apart from estimated average, expected production of raw jute and jute goods, the jute policy also brings to light the pricing policy and measures for improving the export performance.

The following are the salient features of the jute policy, 1980-81:

- (a) There would be no statutory minimum price (SNP) for jute in 1980-81.
- (b) Suspension of the minimum export price (MEP) on lower grade, i.e., grade D and below, would continue.
- (c) Export duty on lower grade jute, i.e., grade D and below, would be reduced; export duty on higher grades of jute would continue at the existing rates.
- (d) The Ministry of Jute would be reorganised to facilitate the setting up of a strong unit for policy, planning and statistical affairs; the enlargement of the Ministry would involve forming of a pricing and marketing section.

(c) Overseas Offices of the Bangladesh Jute Marketing Corporation (Marketing Division) are immediately in the UK (London) and West Africa (Nigeria). A jute centre, with warehousing facilities is also to be opened at Istanbul (Turkey). Arrangements have been made to enable representatives of the BJC to be attached to Bangladesh's Trade and Commerce missions' offices at Singapore and Hong Kong.

(d) A planning Directorate is to be opened at the Bangladesh Jute Marketing Corporation (BJMC) to monitor and execute jute projects under the second Five-Year Plan.

(e) Priority would be given to efforts for finding out new end-uses of jute, while under-research would also be made in commercialized products like "jutties" and "paleos" by BJC in close cooperation with the Jute Research Institute.

(f) All our efforts are to be made for achieving the foreign exchange earning target through the exports by the jute sector (Tk 965 crores).

(g) All possibilities of full utilization of the existing capacities in the jute mills of the country are to be explored before setting up of any new mill during the year 1980-81.

(h) Jute traders' performances are to be reviewed by the Directorate of Jute before the issue or renewal of licences in their favour.

Internal Production

It is estimated that during 1980-81, 45 to 50 lakh bales of jute would be grown in 14 lakh acres of land. This together with the preceding year's carryover of 30 to 32 lakh bales, would make available a total of 75 to 80 lakh bales.

As per the just-announced jute policy of the government, BJC would use up 52 lakh bales during the year; while a total of 23 lakh bales would be earmarked for exports. Domestic consumption has been estimated at three lakh bales. Total estimated carry over at the end of June, 1981, is estimated to be 15 to 20 lakh bales.

Performance

Performance targets set out in the jute policy are as follows: (a) Raw jute export--25 lakh bales; (b) jute goods production--six lakh tons; (c) jute seed export--five lakh and fifty thousand tons; (d) jute yarn production; including those in the private sector--10 thousand tons; (e) exports--12 lakh square yards.

The jute policy underscores the need for speedy exploration of new markets and calls for an "aggressive marketing policy" for 1980-81.

The policy also underlines the needs for exploring new markets outside USA, in view of the declining jute goods market there (owing to a recession). The policy pointed out that it was time that the emphasis was shifted from USA to export producing countries like China, Japan, Poland, Pakistan and the Middle-Eastern countries.

The jute policy forecast the world market outlook in 1980-81 to be "more or less the same" (40 to 42 lakh bales). It predicted that demands for jute and jute goods in the developing countries like Pakistan, China and those in Africa would continue to remain as before.

Elaborating the strategy for executing the jute policy, the Jute Minister said that during the year BMC would attempt to achieve higher degree of capacity utilization in the jute mills to maximise jute goods production through improved management, increasing machine and labour productivity and reduction of wastage.

In reply to a question, the Minister pointed out that the overall rate of wastage had been lowered considerably and that it now stood at 687 [as published] percent. He said that this would have to be reduced further.

The Minister told another questioner that in matters of production efficiency, too, there was room for quite a lot of improvement. He said that the jute mills were still chasing their own production level of 1969-70.

He said, "during this year, the very first year of the country's Second Five-Year Plan, we wish to begin with the 1969-70 production level."

Growers

Mr Khan said, "the government is aware of its responsibility and obligations to the jute growers and sincerely believes in protecting their interests."

He regretted that although the government had in the past years announced statutory minimum price, with this end in view it had never been possible for it to enforce the SMP whenever the market price was below the SMP. Moreover he said "it resulted in corruption and scandals."

The Jute Minister said that what was more painful was the fact that government agencies had paid the money, the traders borrowed from banks and yet the growers never got the price.

He declared that the government did not wish to see a repetition [as published] of such a scandal.

He informed newsmen that in order to ensure fair price to the growers, auctions were under way to buy extra jute from the primary markets--directly from the growers. "From next season, we are also planning to go into contract growing of jute so that the growers are protected well in advance," he said.

EXPERT EXAMINES REORIENTATION OF JUTE POLICY

naaaa THE BANGLADESH OBSERVER in English 12 Jul 80 pp 7, 8

[Article by Dr Quasi Kholiquzzaman Ahmad: "Reorienting Jute Policy in Bangladesh"]

[Text] That both cultivation of jute and manufacturing of jute products in Bangladesh suffer from low productivity is well known. And the importance of improving productivity by removing the sources of inefficiency cannot be overemphasized. And it may be noted that various deficiencies in technical, financial, managerial and policy areas have now been identified within the existing policy approach based on an essentially dependent capitalistic tradition. But in my view the first pre-requisite for solving this and other problems that beset the jute sector is to have the basic jute policy right. And my purpose in this paper is to raise some fundamental issues in our jute policy which need resolution if an effective and purposeful jute policy is to be evolved.

Distribution of Gains from Jute Trade

The crucial theme in the jute policy in my view, the distribution of gains from jute trade which has both national and international aspects. Jute is a so-called cash crop. It earns cash for its growers and foreign exchange for the country. Virtually the whole of the crop is marketed by the growers; and all but a small proportion of it is exported to foreign countries in either raw or manufactured form. But there is a long chain of intermediaries, local and foreign, through whose hands jute has to pass before it can reach the final consumers. Two crucial focal points in our jute policy are therefore the proportion of the price paid by the final consumer in the importing country that accrues to Bangladesh and the proportion that accrues to the jute grower. The former has implications relating to equity in our external trade in jute and the latter will show the plight of the jute grower, without whose toil and sweat there can be no jute to trade in the game of benefit distribution.

Export Prices

we concentrate on our trade with industrial countries. Not only that the bulk of our jute exports go to these countries, but our trade with these countries is also inequitable.

Information on the final consumer price in the industrial countries is simply not available. One recent BIDS study (World Trade in Primary Commodity: the Case of Jute, 1979) has shown that in recent years, the C.I.F. (London) price of raw jute has been 14-20 per cent higher than its F.O.B. (Bangladesh) price.

Since both raw jute and jute manufactures are mostly transported by foreign shipping liners, these margins are largely appropriated by the foreign intermediaries. The final consumer prices are surely much higher because of the further processing involved in the consuming countries not only in the case of raw jute but also in the case of jute manufactures; and of course there are, in addition, trade and distribution margins. Hence it can be argued that the final consumer prices are higher than the export prices received by Bangladesh by huge margins. Again, the same BIDS study has shown that the terms of trade of raw jute exports from Bangladesh to the industrial countries in relation to imports from these countries has been secularly declining rather sharply in recent years, and that of jute shows that Bangladesh receives an unfair and declining since the early 1970's. [as published] All this shows that Bangladesh receives an unfair and declining share of the real gains from the jute trade.

The Grower's Price

Now what about the jute grower who is usually a small or marginal farmer? Official statistics (Statistical Pocket Book of Bangladesh, 1979 of Bangladesh Bureau of Statistics) suggest that, in recent years, the jute growers have received on an average about 70 percent of the export prices of raw jute and about 50 percent of the export prices of jute manufactures. But the official statistics, on which these calculations are based, are likely to overstate the prices received by the growers, particularly when they receive less than the prescribed prices, because the political and administrative expediences tend to prevent violations of the prescribed prices getting officially reported. Moreover, exploitation is also perpetrated on the growers by the intermediaries through supply of credit to them to be repaid in terms of jute at pre-determined low rates and payment of less than the face values shown in receipts which are made out to reflect the statutory minimum prices. The small jute growers, who have very little holding capacity and need cash badly to tide over bad days or to meet some unavoidable social obligation such as the marriage of a son or a daughter, cannot but allow themselves to be subjected to such exploitation. Their receipts in realized export prices of raw jute or jute manufactures will, therefore, be in reality smaller than the above figures. And, of the final consumer prices, it is a very small proportion that they receive.

Lessons From Policies Pursued

Indeed, both the grower's price and export prices of raw jute manufactures have always featured in policy formulation in one form or another.

Insofar as the grower's price is concerned the practice of fixing statutory minimum price of jute at the grower's level in order to ensure an officially perceived fair price for the grower was introduced in 1949 and that the drawback and it has ever since remained in force. [as published] In theory, this is fixed on the basis of evaluation of the demand and supply conditions, although in practice other experiences including political and administrative consideration usually favouring vested interest pressure groups at the expense of the small, unorganised and powerless jute growers scattered all over the country are known to have worked more prominently at times. In any case, the fixation of the minimum price is carried out in an essentially ad-hoc manner in the absence of an appropriate analytical thing to note is that the implementation of these price have never been successful because of the failure of the government to institute an effective monitoring system the government and to create adequate facilities for buying up excess supplies forthcoming at the prescribed prices. As a result the prices received by the growers have always depended essentially on the prevailing market conditions despite the existence of the statutory minimum prices. One may note in this context that the growers are known to have received as low a price as taka 30 or so per maund of jute last year in spite of the fact that the statutory minimum price was Taka 110. [paragraph as published]

Regarding export of raw jute, Bangladesh has a virtual monopoly in it and a large part of the raw jute export trade is in private hands. The government of Bangladesh tries to regulate the export prices by fixing a minimum price (MEP) and requiring that shipment can take place only after sales have been registered with the Bangladesh Bank and the Bank's approval secured. But the MEP is not fixed by the government unilaterally. It is based in part on the Indicative Price (IP) suggested by the F A O Inter-governmental Group on Jute, KENAF and Allied Fibres. The group has representations from producing (including Bangladesh) and consuming countries and the factors that are taken into consideration in fixing the IP include a just return to the exporters, fair prices to the consumers, competitiveness of jute with synthetics and price stability. But, in spite of these national and international attempts at ensuring just return to Bangladesh from raw jute export the terms of the trade of raw jute from Bangladesh to industrial countries, as noted earlier, has been secularly declining and rather steeply in recent years.

Regarding export of jute manufactures, the spectre of threat from synthetic substitutes has since mid-1960's kept any possible vigorous attempt at securing better terms under clouded conditions at best. Endeavours have been concentrated on negotiating reduction of tariff and non-tariff barriers. [as published] Regarding tariff, substantial reduction, even

complete withdrawal, has been secured. But very little success has been achieved on non-tariff fronts and such barriers in the forms of quotas, product restrictions control of shipping space, the process of trade itself etc have continued to pose formidable obstacles so that not only that export of jute manufactures to the industrial countries has not expanded but also these exports have been becoming worthless in terms of command over imports from these countries.

Where does it all leave us? The conventional wisdom is that a primary commodity is vulnerable since its income elasticity of demand is lower compared to manufactured goods. (as published) In this formulation, it is therefore natural that raw jute should face a secular decline in its terms of trade in relation to manufactured imports from industrial countries. But what about jute manufactures? Why should jute manufactures face vulnerability? The explanation has to be sought essentially in the inequitable world trade and economic power structure. Industrial countries have continued to support their jute mills suffering from serious cost disadvantages vis-a-vis imports from developing countries and also facilitate the growth of synthetic substitutes by resorting to carriers of different kinds to imports of jute manufactures from the developing countries. It is clearly indicated, therefore, that processing of jute along traditional lines for export cannot provide the escape from the economic vulnerability of jute in world

BRIEFS

AMBASSADOR TO SWITZERLAND--The government has decided to concurrently accredit Mr Abul Ahsan, at present ambassador of Bangladesh in Rome, as ambassador to Switzerland, it was officially announced in Dacca on Friday, reports BSS. [Text] [Dacca THE BANGLADESH OBSERVER in English 12 Jul 80 p 3]

AMBASSADOR FROM PORTUGAL--The Ambassador designate of Portugal to Bangladesh Dr Joao Eduardo Monteverde Preeire Bostos presented his credentials to President Ziaur Rahman at Bangabhaban on Saturday reports BSS. While presenting the credentials, the new envoy said that the century old friendship between Portugal and Bangladesh had been extremely cordial and it would continue to grow further in the years to come. He also referred to the role of Bangladesh in the Non-aligned Movement and common aspirations for a new world economic order and said both his country and Bangladesh would continue to pursue to achieve this goal. Welcoming the new Portuguese Ambassador President Zia expressed similar sentiments and assured him of all cooperation in discharge of his duties during the tenure of his office in Bangladesh. [Text] [Dacca THE BANGLADESH OBSERVER in English 13 Jul 80 p 1]

MOHAMMADULLAH DECLARED ELECTED--The Election Commission on Saturday has officially declared Mr Mohammadullah, elected a member of Jatiya Sangsad from the constituency No 274 Noakhali VIII in the by-election held on Thursday. It may be mentioned here that Mr Mohammadullah, a former President of Bangladesh, contested the by-election with BNP ticket. The by-election was necessitated due to the death of Mr Moshtaque Ahmed MP District Coordinator, Noakhali. [Text] [Dacca THE BANGLADESH TIMES in English 13 Jul 80 p 1]

MANIK CHOWDHURY DIES--Mr Manik Chowdhury, a political leader of Bangladesh and close associate of Sheikh Mujibur Rahman, died after a heart attack in a Calcutta hospital on Monday, reports ENI. He was 51. Mr Chowdhury came to Calcutta from Chittagong on Saturday for treatment. A participant in the liberation movement, he is survived by his wife, four sons, a daughter and his 80-year-old mother. [Text] [Calcutta THE STATESMAN in English 2 Jul 80 p 3]

NO POLITICAL IMPLICATIONS SEEN IN U NU'S RETURN

Kuala Lumpur BUSINESS TIMES in English 4 Aug 60 p 6

[Article by Zaw Win in Rangoon]

[Text]

THE return to Burma of former Prime Minister U Nu after 11 years of self-exile in Thailand and India has stirred a ripple of public and official interest but is seen here by most people as of little or no political consequence.

State-run newspapers reported his return earlier last Tuesday with front-page photographs of him and his wife, who travelled with him from Calcutta. But the usually articulate 73-year-old politician, clad in traditional Burmese jacket and patterned sarong, did not speak to reporters.

However, an official statement said President Ne Win and the government had invited him to return "temporarily or permanently... in consideration, recognition and honour of U Nu's leading and distinguished role in the struggle for Burma's independence."

The statement said U Nu — Burma's best-known political exile — would devote himself to promotion of "dharma" — Buddha's teachings.

While President Ne Win's now publicised invitation for him to return has enabled U Nu to enter by the front door, so to speak, the key point in the official statement appears to be that he would

devote himself to the promotion of religion.

Nobody here believes he has any political future.

In President Ne Win's one-party, socialist Burma, parliamentary democracy, whose cause U Nu espoused tirelessly, appears to be dormant.

Informed sources are convinced the President is not contemplating any change of policy to take Burma away from the path of socialism on which he firmly launched it in 1962, the year he toppled U Nu from power in a military coup.

The President has often said he believes parliamentary democracy failed in Burma because of inherent weaknesses, abuses of the system and the absence of a mature public opinion.

There is no reason to think that he has changed his opinion. Nor is there at present anyone in Burma's political, social or economic spheres who can or is willing to challenge the President's authority.

His socialist government is well entrenched. There is a good measure of political stability, and the economy — especially agriculture — has

shown definite signs of improvement in recent years.

The army has effectively contained one of Asia's biggest communist and ethnic minority insurgencies and its loyalty to the President and his ruling Burma Socialist Programme Party is not in doubt.

Burma's relations with the three Indochina states and the non-communist Association of South-East Asian Nations are good and cordial.

Its strictly non-aligned stance in international and regional affairs has enabled it to be friend to all and make an enemy of none.

It is from this position of strength that President Ne Win announced in May a policy of amnesty for all political offenders.

He followed this up by extending recognition and cash awards to hundreds of people once prominent in the struggle for independence. The awards were made on past merit and regardless of political persuasion or attitude to the government.

The measures added up to a policy of national reconciliation, which by mid-July had enabled 636

rebels to return to normal life from hiding or exile abroad.

They include exiles, communists and others who have emerged from places as diverse as Thailand, India and the jungles of Burma.

The President has banned the use by officials of such words as rebels and surrender in referring to those who have benefited from the amnesty — a gesture clearly meant to spare their feelings.

Informed sources say those who return are assured of full rights of citizenship, including freedom of movement and livelihood. Nothing from their past would be held against them.

Said President Ne Win: "They have come back to cooperate with us where possible. Even if such cooperation is not possible, they will have a chance to be rid of their former guilt and an opportunity to live and work in freedom again."

In other words, the insurgents, the dissidents and the rest are being offered a chance to be reintegrated into the President's socialist society.

But that is a very different matter from reshaping his government's policies to their liking. — Reuter

TIES WITH BLOCS, REGIONAL GROUPINGS AVOIDED

Kuala Lumpur BUSINESS TIMES in English 26 Aug 80 p 6

[Article by Zaw Win]

[Text]

BURMA, which has performed a skillful balancing act between the superpowers and steered clear of blocs, groupings and spheres of influence for more than three decades, is not about to change its course, according to official and diplomatic sources.

The recent visits to Rangoon of Singapore's Deputy Prime Minister Sinnathamby Rajaratnam and Thailand's Prime Minister Prem Tinsulanonda fuelled speculation that Burma might be drawing closer to non-communist Asean.

However, Burmese officials maintain that while the Asean visits were useful for promoting friendly bilateral relations and for exchanging views on regional and international situations, they have not changed Burma's long-standing character as a non-joiner.

"We would like to see Burma inside Asean or moving closer to Asean but it would be out of character for it to do so," one Rangoon-based senior Asean diplomat said recently.

Burma seems certain to preserve its traditional policy of keeping well away from any global or regional groupings.

Diplomats comment that officials might say from time to time that Burma's views and those of other nations or Asean "coincide" on a given issue. But they would think twice before saying their views were "identical" or "similar."

To the Burmese officials, this is not merely semantic hair-splitting. It stems from a deep-seated and well-considered desire not to be identified with any country or grouping.

Diplomats say Burma is likely to stay away from regional groupings while maintaining and promot-

ing friendly bilateral relations with both Asean countries and Indo-China states.

Their assessment appears to be in keeping with the attitude expressed by President Ne Win made way back in 1965 and has practised as policy ever since.

"It is not possible for a nation to remain isolated ... we will fraternise with others on a basis of equality," he said. "Of course, our relations will be closer with those countries which have programmes similar to ours."

"But even nations which have close relations with each other break out into quarrels arising out of misunderstandings."

"When lovers quarrel the ensuing hatred is more bitter. This is evident to our eyes. Therefore, we should be measured and moderate in our relations with others," he said.

The ruling Burma Socialist Programme Party said in 1977 that Asean was formed for economic and social cooperation among the member countries.

"Asean, now going one step further, is trying to turn South-East Asia into a zone of peace, independence and neutrality. It is also trying to get the remaining countries to join it and give it their support," the party statement said.

"Although the goal they set out to achieve is good in principle, Burma considers that there is the need not only for the countries in the region to take part in the common endeavour with a common objective and common will, but also for the countries to be independent and neutral and free of foreign armies and military bases." — Reuter

BRIEFS

KOKANG, MAW HPA COMBAT NEWS--On 1 August, people's armed forces from Kokang District attacked the enemy soldiers of the military government's mercenary 109th Light Infantry Regiment on (Ta-kwang) Hill and wounded one enemy soldier. The following day on 2 August, mines planted by Kokang People's Armed Forces near (Long Su-tok) killed one enemy soldier and wounded another. On 14 August, mines planted by Kokang District People's Armed Forces near (Ta Waing) killed two enemy soldiers and wounded four others from the military government's mercenary 3d Kachin Rifles Regiment. On 22 August, a small unit from the Kokang District People's Armed Forces attacked the enemy camp at Mong Yang killing one enemy soldier and wounding three others. Also on 5 September, a similar attack by the people's army killed two of the military government's henchmen from the Burma Socialist Program Office in Mong Yang. On 1 September, a small unit of the people's army planted mines at a place east of (Mat Long), Maw Hpa region, against the military government's mercenary 2d Infantry Regiment. The mines killed or wounded six enemy soldiers. [Text] [BK141241 (Clandestine) Voice of the People of Burma in Burmese to Burma 1200 GMT 14 Sep 80]

CSO: 4211

IMPENDING CRISIS IN PAYMENTS POSITION NOTED

Calcutta THE STATESMAN in English 11 Jul 80 p 1

[text] New Delhi, July 10--India's balance of payments position will be entering a difficult phase which will last for a long time, official sources said here today, reports UNI.

The sources said that this fact, which had been highlighted in the World Bank's assessment of the Indian economy, had been appreciated by the members of the Aid India Consortium, which met last week in Paris. Though the formal aid pledges at the meeting for 1980-81, which stood at \$3.4 billion was only marginally higher than last year's pledge of \$3.3 billion, the sources expected that the pledges next year would be better.

The Aid India Consortium's appreciation of India's balance of payment difficulties was in itself was a major gain of the Paris meeting, the sources said. [as published]

The World Bank group's aid pledges constituted about two-thirds of the total pledges at the Consortium meeting. The increase or decrease in the amount of aid made by member-nations was marginal. If the world-wide inflation are taken into account, this year's pledges are about \$100 billion less than last year's pledges at 1979-80 prices.

Though the pledges have been made, it may take some time to know the exact amount of aid that is forthcoming. Bilateral talks have to be held with countries, which have made the pledges and agreements arrived at.

China's joining the World Bank had nothing to do with the marginal increase in aid pledges this year, the sources said. In fact, the World Bank group had increased its pledges. The World Bank in its report to the Consortium meeting, had also made out a strong case for a higher level of aid to India in real terms this year.

CSO: 4220

GOVERNMENT PRODUCING GUSTAF ANTITANK WEAPON

New Delhi PATRIOT in English 12 Jul 80 p 7

[Text] India has started indigenous production of the 84 mm Carl Gustaf anti-tank weapon under licence from Sweden. According to reliable sources, a purchase cum licence production agreement with that country was finalised with Sweden about five years ago.

After an initial purchase of some weapons, India first started assembling it and now the production status has been achieved, reports UNI.

The Defence Ministry's report for 1979-80 mentions about it briefly saying only that the production of this weapon is being established.

The Carl Gustaf is a shoulder-fired weapon used by infantry for assaulting tanks at close range. But it is also capable of firing high explosive (HE), smoke and flare ammunition.

Sources said that Sweden had also agreed to provide technology for the recently developed version called M-2 550, which can fire rocket assisted antitank high explosive. The original version is called the M-2.

The weapon can fire six rounds in a minute against tanks. The soldier firing it has a telescopic sight for accurate target acquisition.

The weapon is normally used by two persons, one for carrying and firing it and other for carrying and loading the ammunition.

However, as the weapon is recoilless and lightweight, in case of need one person can effectively use it.

CSO: 4220

FOREIGN HELP SOUGHT FOR OIL EXPLORATION

Kuala Lumpur BUSINESS TIMES in English 23 Aug 80 p 6

[Text]

INDIA'S call for help from western firms in its urgent search for more oil both onshore and offshore has generated a good deal of interest among the international majors, with both Occidental Petroleum and Amoco representatives flying into New Delhi last week for talks.

At least seven British, French, Mexican and American oil companies have been informally examining the possibilities of concessions with India during the past six months while government officials tried to make up their minds, about western involvement. The companies include Phillips Petroleum, British Petroleum, CIE, Francaise des Petroles (CEP), Shell, and Construcciones Proexas of Mexico.

Occidental Petroleum is described by Indian Petroleum Ministry sources as having only an "indirect interest" in the prospects.

"They have offered all sorts of assistance and cooperation, although they have not shown an interest in taking a block," Mr Veerendra Patil, the Petroleum Minister, told the *Financial Times*.

The biggest question mark at the moment is just how insistent India will be about buying back at prevailing international prices the entire quantity of oil found until the country reaches self-sufficiency. At least two companies have made it plain that they would like to take a share of oil out of the country for use in their own refineries.

It is also a moot point whether India will ac-

tually achieve self-sufficiency in oil. Imports of 18.22 million metric tons of crude and 4.49 million metric tons of refined products accounted for more than two-thirds of the country's total petroleum requirements of 30 million metric tons last year.

By 1984, the country's crude oil requirements could be as high as 43 million metric tons with requirements for 6.8 million metric tons of refined products. But production from indigenous sources at current rates of growth will only reach 22 million metric tons, the gap of 21 million metric tons having to be met through imports.

This would be a serious burden on valuable foreign exchange resources, says Mr Patil, the Petroleum Minister. Dependence on outside sources could only be reduced by exploring and producing more oil and gas "in the shortest possible time on a priority basis and with the assistance of foreign collaboration."

The staggering increase in India's oil import bill has alarmed government officials. It is this more than anything else that has forced them to give the green light to the idea of western tie-ups. This year's crude oil and refined product import bill is likely to exceed US\$7 billion, US\$2.3 billion more than last year, and equal to more than 90 per cent of India's anticipated export earnings.

Yet the country has many other products it desperately needs to import, including massive amounts of fertilizers as

well as steel, coking coal, aluminium and edible oils.

To those who view the decision of foreign tie-ups as a major policy change from the strict Indian doctrine of doing everything it can do itself indigenously, government sources argue that, as a matter of fact, current policy on foreign collaboration is particularly permissive when it comes to technically sophisticated areas.

Certainly it is nothing new in oil exploration. Foreign collaboration has been there for a long time in onshore drilling. Earlier this year, India signed a protocol agreement with the Soviet Union for drilling two wells in the northeastern state of Tripura. Drilling was to start in October, but work may be delayed because of political unrest in the region.

The Soviets have also agreed to carry out survey work in West Bengal. "In fact we have had protocols with the Russians for a large number of years," says Mr Patil. "They started advising and helping us from the very inception of the Oil and Natural Gas Commission (ONGC) — India's government-run exploration and development agency."

It was a Soviet survey vessel that first identified the anomaly which subsequently led to India's biggest oil find — Bombay High, 160km offshore from Bombay, in 1974. Last year Bombay High produced 4.422 million metric tons of crude. Steps are now under way to increase Bombay High's production from the current rate of around 100,000 bpd to

MR. NATHU SINGH RAJASTHANIS DEPORTED TO GULF COUNTRIES

See Delhi PATRIOT in English 12 Jul 80 p 5

(Text) Jaipur, July 11. A large number of Rajasthan workers in some Gulf countries are kept in 'concentration camps' and subjected to inhuman treatment there.

This issue was raised in the Rajasthan Vidhan Sabha by Mr Nathu Singh (Rift) through an adjournment motion during the zero hour. The Speaker disallowed the motion as the issue did not come under the purview of the State Government and was related to the Central Government.

But the Speaker allowed the mover of the motion to speak on the subject.

Mr Nathu Singh said that he and some other members of the House had received letters from the Rajasthan workers in Dubai appealing for help. He said that the large number of workers in the Gulf countries were subjected to torture and were compelled to work for 17 hours at a stretch against one meal only.

They are kept in concentration camps under persistent vigil. He mentioned a place called 'Fat Side,' 40 kms from Dubai where about 34 workers are kept by a construction company owned by a Pakistani agent.

He asked:

These workers are neither paid for their work nor there is any medical facility for them. He wanted to know what steps Government was going to take. He asked whether the State Government would take up the issue with the Central Government. He wanted a reply from the Chief Minister, but in vain.

When the Chief Minister showed reluctance to answer the member tried to intervene Speaker Prakash Chandra Vishnoi who said that he could not compel the Government to reply. (as published)

At last Eugene McCarthy also of the RIF wanted that the House should have a resolution in this connection which should be sent to the Central Government.

McCarthy's brother Pat McCarthy also felt that the issue was important, but there was no response from the Treasury members.

Issue 1228

SIKKIM LEADER VOWS TO WIPE OUT BLACK MARKET

New Delhi PATRIOT in English 12 Jul 80 p 4

[Text] Sikkim Chief Minister Nar Bahadur Bhandari has vowed to come down heavily on blackmarketeers, who are indulging in adulteration and other nefarious activities detrimental to the general health condition of the Sikkimense, particularly the poor reports UNI.

Displaying adulterated tea packets at a press conference at the Sikkim House in Delhi on Monday Mr Bhandari said, some "Marwaris" responsible for this have been arrested and more would be brought to book.

Mr Bhandari met Prime Minister Indira Gandhi and apprised her about the general law and order situation, and brought to her notice the efforts of some Cong (I) leaders to malign him and to discredit the ruling Sikkim Parishad.

Mr Bhandari also alleged that former Chief Minister Khazi Lhendup Dorji, who is camping here for the past few weeks, has started a vicious campaign against him in a bid to stage a comeback.

He said according to an agreement with the Cong (I) high command, the Sikkim Parishad would function as a Cong (I) unit and give all support to the ruling party at the Centre. He said efforts to disturb this arrangement were politically motivated.

He also impressed upon Mrs Gandhi and other Central leaders, the urgent need for the appointment of a new Governor to replace the present Governor who has been "colluding" with the Khazi to create problems for his government.

Replying to a question, Mr Bhandari pleaded ignorance about the proposed visit of the Vice-President to Sikkim, which was postponed.

He said since the Sikkim Parishad came to power nine months ago, more funds have been allotted for construction of schools, hospitals and provision of drinking water supply and the clock.

There has also been a marked increase in tourist traffic--both foreign and domestic--to Nibbel since January.

According to Mr. L. E. Hama, officer-in-charge of Nibbel Tourism Unit, at least 500 foreign tourists have already visited the Himalayan State between January and now for trekking and sight seeing.

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PROBLEMS OF NEPALESE IN NORTH BENGAL EXAMINED

Calcutta THE STATESMAN in English 11 Jul 80 pp 1, 7

(Text) Bhopal, July 9--A veil of secrecy that hung around one of Bhopal's palace mansions, the temporary abode of the former Burmese Prime Minister, U Nu, for six long years, has finally been lifted although left to itself the Indian Government would perhaps have continued to keep the issue a secret "in the interest of Indo-Burmese relations."

There may be quite a difference between the turmoil in Burma in the seventies and the situation now but for those energetically keeping close tabs on the former Burmese Prime Minister, the neighbouring country of Burma must be in constant turmoil. When U Nu did come to Bhopal in March 1974, the secrecy was so tight that no interviews were given and they were informally routed through the External Affairs Ministry. With the clamping of the Emergency and the censorship, there was of course no question of violating the ban on news items relating to the Burmese Prime Minister. It appears all requests to contact U Nu by reporters were turned down by representatives of the External Affairs Ministry. The plea that was given was that U Nu was given asylum in India only on condition that he did not take part in political activity or issue political statements.

At first, sources here say that U Nu himself feared Assassination attempts and a six-foot boundary wall was constructed and over a dozen security men were on round-the-clock duty for some years.

For six long years in Bhopal, U Nu led the life of a recluse totally refusing even contacts with people of Burmese origin and limiting his interviews to only a chosen few. What precisely led U Nu totally to renounce politics as he disclosed to this reporter in an interview may never be known but the fact remains that his stay in Bhopal did play a major part in bidding goodbye to politics. "What can I do now?" he told me. "I am 74 which gives me even less time for my study of Buddhism." There is nothing to suggest that U Nu will not stick to this decision.

Some who came close to him during his stay here suggest that the constant running around, the several years in jail in Burma in the early

death and the final flight in 1975 from Singapore to the USA and finally to India must have taken its toll. The fact that he chose India for his refuge may have given cause for his enemies to conclude that U Nu may wage a war from India but he apparently did nothing of the sort. Even the present Burmese Government appears to be taken in by his "political sanyas" that they are reported to have even offered to take U Nu back to the country at their own expense. U Nu himself told this reporter that he never felt that his visa application would be refused by the Burmese Government.

Observers believe that the loss of his daughter-in-law at a young age in Bhagal in 1976 and his craving for a family life may have also been responsible for his decision to be drawn towards Buddhism. U Nu says that even his decision to return to Rangoon was made at the persuasion of his eldest daughter who came from Burma. He said she asked him to spend a few years with members of his family. This was something he had never done. U Nu says since he became busy with political activity. In Burma politics does not offer a steady means of livelihood and more often than not one has to survive on grime sold on the streets, he adds. U Nu has absolutely nothing to say about present Burmese politics and has reportedly shown the least interest in it.

Sources close to him say that he appeared a little shocked when he heard that his son, given in adoption to his sister, had fled Burma a year ago and was politically active in London.

At 74, U Nu is still looking fit and was used to taking long walks here. For over two years he was busy writing his four-volume book on Buddhism. He said he would finish the book in Rangoon.

About the future, U Nu merely says that he hopes to visit other parts of the world to spread the teachings of the Buddha. He hopes to visit two Buddhism shrines before he finally leaves India on July 24. Although the Government may have maintained its secrecy, for those staying close to his house around Ahmedabad palace the "man from Burma," as he is known, would certainly be missed.

END: 4220

SPACE COMMISSION MEMBER OUTLINES FUTURE PROGRAM

Calcutta THE STATESMAN in English 2 Jul 80 p 1

(ENR)

DR Brahm Prakash, member of Space Commission of India, was in Calcutta on Tuesday that the SLV Experimental II, a satellite launch vehicle, would be sent off from Sriharikota in the third week of July. The SLV Experimental I had failed because of a technical defect in August last year.

Dr Brahm Prakash, who inaugurated a space exhibition at the Birla Industrial and Technological Museum during the day, explained that the experimental satellites were an important part of SLV-3 project of India's space programme. The rockets were launched in to space in determining the technical capabilities of launching satellites. The SLV Experimental I had failed because of some mechanical defect in the second stage of the rocket. Nitrogen stored in it had leaked out. As a result, its reaction with hydrogen, important to guide the path of the rocket, did not take place and the rocket fell into the sea.

The defective system was tested at Thumba, and by June 18 it had been corrected. Dr Brahm Prakash said it was hoped that the SLV Experimental II would be successfully launched into orbit. If the experimental vehicle could be launched successfully, the next programme was to send off the D-1, a launching vehicle with a payload of 40 kg which might take another year.

Outlining the future space programme of India, Dr Brahm Prakash said that a proposal to build an Advanced Satellite Launch Ve-

hicle, capable of carrying a payload of 150 kg was being considered by the Central Government. Much importance was being attached to the construction of Remote Sensing Satellites that could perform a number of remote sensing experiments important for scientific and economic development. Such satellites could provide useful information on flood control, changes of sea lines and estimates of agricultural production. There was also a scheme to build Polar satellites, that could go up 1000 km in space and carry over 500 kg of payload. These satellites were not geo-stationary.

Dr Brahm Prakash said that though efforts were being made by the Indian Space Research Organisation to build the essential equipment for launching rockets and satellites, indigenous not enough "space-worthy" material was available in India. He explained that the electronic equipment needed for rockets and satellites had to be of a very high quality, for once a rocket was launched, nothing could be done to rectify any technical defect. He added that such special space-quality material were not made in India in adequate quantity.

The exhibition, organized jointly by the Indian Space Research Organisation and the Birla Industrial and Technological Museum, will be open till July 20. It displays models of sounding rockets, satellites and satellite-launching vehicles, including the SLV-3, a model of Aryabhata and a model of Rohini satellite.

CPI(M): SOCIALIST, IMPERIALIST SCHISM WIDENS

New Delhi PATRIOT in English 12 Jul 80 p 7

[Text] For the first time since the split in the Indian Communist movement 16 years ago, the CPI-M has openly declared that the contradiction between the socialist world and the camp of imperialism has lately assumed maximum prominence in the current global situation.

This has been highlighted in a recent article by CPI-M ideologue and Polit-Bureau member M. Basavapunniah in the party's central English organ. The article appeared when the party's Central Committee was in session in the Capital (26-29 June) but it went unnoticed by the national press.

Elaborating further, Mr Basavapunniah told this correspondent on Friday that this contradiction became more significant than the other contradictions (intra-imperialist contradiction, contradiction between the working class in a particular country and the ruling bourgeoisie there, and the contradiction between the national liberation movements and world imperialism) a little before the developments in Afghanistan, that is, when arch-reactionaries in White House refused to ratify the SALT-II Treaty and the NATO began deploying offensive weapons in Western Europe against the socialist states.

Before the formal split of the undivided CPI the present-day CPI-M leaders had extended full support to the 14 June, 1963 letter of the Central Committee of the Communist Party of China to the Central Committees of the Communist Party of Soviet Union (during the Sino-soviet ideological polemics) underlining the contradiction between the national liberation movements and world imperialism as the main contradiction of our times. The CPI-M still holds that such a view taken at that time was correct. The new formulation has come as a "response to changing realities," CPI-M leaders clarify.

Another manifestation of its 'response to changing realities' is found in the CPI-M's unequivocal opposition to the Chinese foreign policy course. Though happy over the changes taking place in China's domestic

scene, the CPI-M leadership is dismayed to find that these changes have had no effect whatsoever on the country's foreign policy which remains stridently anti-Soviet and seeks understanding with the U.S. The leadership acknowledges the danger inherent in the latest Carter-Hua Guo Feng talks in Tokyo.

The denunciation of the Chinese foreign policy is of particular significance in the present context when the CPI-M, despite its reservations about the Soviet leadership's attitude to the Indian bourgeoisie, has been broadly welcoming recent Soviet actions in the international sphere including the latter's role in Afghanistan. For the dominant CPI-M leadership, the latest Soviet positions in the global arena help to contribute to the mounting world struggle against imperialism, for which the party ardently aspires for world communist unity, even while ideologically demarcating itself from the Chinese foreign policy course.

CSO: 4220

MINISTER REPORTS CHANGE IN MIZO TACTICS

Calcutta THE STATESMAN in English 11 Jul 80 p 12

[Text]

MR Laimingthanga, the Finance Minister of Mizoram, told reporters in Calcutta on Thursday that the Army was short of manpower in his State owing to its preoccupation in Assam and Tripura. The Army had to turn down a request of the State Government to guard passenger vehicles in Mizoram, he added. Police and other security forces were being used for the purpose.

The Minister, however, added that two Army brigades were already deployed in Mizoram. Army units were present all over the State, specially in the troubled areas.

He added that Mizo National Front insurgents had changed their tactics of late. They were choosing their victims among the non-Mizo residents in the Cachar area of Assam to create communal trouble between the people of Cachar and those of Mizoram. Secondly, they were trying to disrupt communication between Silchar and Aizawl, the life-line of

Mizoram, by ambushing vehicles on the Silchar-Aizawl Road.

The Minister believed that the motive of the insurgents behind these moves was to create scarcity of food in Mizoram, which would agitate the public and discredit the ruling People's Conference Party.

He said that essential items such as salt and sugar were already in short supply in the State. Supply of rice was being maintained through rationed distribution. The Army was arranging air-dropping of food in remote areas. The current agitation in Assam was also disrupting supply of food, for supplies arrive in Mizoram only through Cachar.

Mr Laimingthanga resented the reported demand by Mr Laldenga to impose President's rule in Mizoram as a pre-condition for peace negotiations. He described the demand as irrelevant and undemocratic. The Minister, who was recently in New Delhi, believed that the Centre would not accept the demand.

CSO: 4220

POOR SHIPPING FACILITIES HAMPER ANDAMAN GROWTH

Calcutta THE STATESMAN in English 12 Jul 60 pp 1, 7

[Article by Mihir Mukherjee]

[Text]

THE key to the development of the island territory of Andaman and Nicobar is improvement of water transport facilities. About 300,000 people live in 33 of the 319 islands there. The inhabited islands are separated from each other by vast stretches of water. But shipping facilities are utterly inadequate.

The ships available are unable to cope with the present requirement of transportation of men and material. Many passengers and much cargo have to be left behind because of the shortage of space on the vessel. Officers of the Harbour Master's office by late passengers on sailing docks are a common sight. The administration often embarrased because of its failure to despatch essential commodities to far-flung islands.

The inter-island shipping services are at present managed with three ships—Cholunga, Yerawa and Onge. Cholunga is run on the weekly service between Port Blair and Diglipur in the northern group of islands. Yerawa and Onge run between Port Blair and the southern group of islands. The distance between Port Blair and the southernmost settlement in the Nicobar group of islands is about 300 nautical miles.

Cholunga, built in 1949, is a

very old ship and has outlived its useful life on the high sea. The normal life span. As far back as 1952, a decision was taken to scrap Cholunga. But as a vessel to replace it could not be procured, Cholunga had to be pined despite frequent breakdowns.

Besides these three ships, about 40 other vessels ply between the different islands. Mr. M. R. Das, Marine Engineer at Port Blair Harbour who looks after inter-island shipping said all the 40 odd vessels are not designed to go beyond the harbour limit. But he alleged, they are being run in total disregard to the Merchant Shipping Act and Inland Shipping Act. He said these vessels were not seaworthy and they carried passengers and cargo much in excess of their capacity.

Mr. Das was afraid that the way inter-island shipping was managed there might be a disaster any day. About a fortnight ago, Jamuna a harbour vessel which makes trips to Neil, Havelock, Rangat and Long Islands developed a hole at the bottom while approaching Port Blair. The seamen in desperation squeezed some gunny bags into the hole to check the flow of seawater into the ship. Fortunately the ship was then close to Port Blair and managed to limp into the harbour. The Marine Engineer said during the past two years the Jamuna had developed defects on three or

25-year-old vessel which urgently required extensive repairs. It has been beached now.

Whenever a ship sailed out from Port Blair Mr. Das said people kept their fingers crossed. The harbour staff were helpless. They had to allow these vessels to sail because of pressure from the public and administration. They only made sure that there were enough life jackets and rafts aboard.

The Marine Engineer complained that most of the ships were not properly surveyed and that some had not even been registered. He lamented the lack of proper repair and maintenance facilities at the harbour. He said the shortage of staff in his department had made it difficult to provide proper pilot facilities. The vessels were brought to the harbour at a great risk.

Mr. Das said though it was planned to achieve simultaneous development of shipping and dock facilities, work on the latter had progressed much ahead of development of vessels. He said there was a proposal to procure 27 vessels, which would include two big ships capable of carrying 300 passengers and 230 tonnes of cargo, one 20-ton cargo vessel, one 20-ton water boat, one 200-ton oil tanker, one hospital-cum-bank, and many small ships, four smaller ships capable of carrying 150 passengers

and 50 tonnes of cargo, two other vessels with a capacity to carry 150 passengers and 50 tonnes of cargo, and another two to carry 200 passengers and 100 tonnes of cargo.

It was also planned to procure three ferry vehicles, two ocean-going tugs and small inland steamers. So far, four vessels have been procured. He thought that though the estimated cost of these vessels had been estimated at Rs 17 crores, ultimately more than Rs 60 crores would be spent on them.

Work on harbour development, which was started in 1966 has, however, progressed satisfactorily. Two jetties—one at Chatham and another at Haddock in Port Blair—were opened in 1973 to take vessels from the mainland. It has been proposed to open another berth at Hopetown in Port Blair at an estimated expenditure of Rs 2 crores. The feasibility report for the scheme has been prepared.

For inter-island ships, 10 jetties have been constructed at Diglipur in the North Andamans, Mayabander and Rangat in the Middle Andamans, Havelock Island, Port Blair, Hutbay in the Little Andamans, Katchall, Kamorta and Campbell Bay at Great Nicobar. Jetties are proposed to be built for inter-island ships at Rutland Island and Mus in Car Nicobar. For smaller ferry boats, 19 jetties have been opened in different islands. There is a proposal to construct 15 more jetties during the Sixth Plan period.

The construction of a slipway with facilities for undertaking simultaneous repairs of five 300-ton ships has been completed at the cost of Rs 1 crore at Port Blair. A new dry dock at an expenditure of Rs 2.5 crores for repairs of inter-island ships is under construction at Port Blair.

A breakwater harbour has been built at Hutbay in the Little Andamans at the cost of Rs 4.5 crores. Another breakwater harbour is to be built at an expense of Rs 4.5 crores at Campbell Bay during the Sixth Plan period. So far, Rs 17 crores have been spent for work on harbour and docks and another Rs 16 crores will be spent during the Sixth Five-Year Plan period.

CSO: 4220

GOVERNMENT STOPS SPONSORSHIP FOR COAL SUPPLY

Calcutta THE STATESMAN in English 12 Jul 80 p 3

[Text] Coal India will discontinue the system of "sponsorship" for supply of coal to industries and domestic consumers from September 1, in accordance with the directive from the Union Energy Minister. Since July 1967, when coal was decontrolled, State Governments, the Tea Board and other recognized bodies have been sponsoring the demands of industries, the plantations and other groups of consumers as a convention.

Coal India sources in Calcutta said on Friday that the Railways had always been short of wagons. This resulted in fixing a quota ceiling for each consumer. The Energy Minister now feels that Coal India must produce the quantity of coal the consumers need and make allocations for it. It would be the users' concern to get it transported--by rail or by road.

According to these sources, since Coal India has a pithead stock of more than 13 million tonnes, it does not want the supplies to the consumers curtailed. There would be no need for the permit system.

The sources said that transport of coal by road had gone up from about 11 million tonnes a year in 1975-76 to about 15 million tonnes in 1977-78. It is likely to reach about 24 million tonnes by the end of this year.

The sources said that a Union Minister or a State Minister could not be legally prevented from making any recommendations to Coal India for supply of coal to any consumer. Following this yardstick, Coal India supplied coal to some consumers whose cases had been recommended by the West Bengal Ministers.

Regarding supplies of coal to industries in West Bengal, Coal India released about 307,000 tonnes between January and June this year. The entire quantity was proposed to be transported by road. These releases were made to stave off closures of industries.

Coal India sources said that during the day, senior administrative officials, including the Chief Secretary, police officers and the

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the given includes knowledge of many disciplines like electrical, mechanical, chemical and instrumental.

The contract for deployment of the technical manpower of India has been signed with the Algerian government agency, Sonatrach which is responsible for the fertilizer plant development of that country.

A similar request for Indian technical manpower has been made by Iraq. Preliminary negotiations for this are already on. An East African country is also thinking of a similar contract.

The demand for Indian engineers and technicians in foreign fertilizer plants, particularly those of the third world, is the result of good achievements at some and relatively cheap wages.

Mr. V. V. Sakshi, deputy general manager, ICI who has been closely associated with the Algerian project, told this reporter that the contract was worth Rs. 5 crores for the country. He was hopeful of India receiving several similar offers because it was the only country in the world running fertilizer plants with all conceivable feedstocks--associated gas, naphtha, coal, fuel oil, coke oven and electric power.

The temporary transfer of the technical personnel to Algeria, possible transfers of more to other destinations, the setting up of additional fertilizer plants in the country have caused problems at home.

ICI has drawn up an ambitious plan of training manpower for overseas and home plants.

Already 150 are under training for various technical positions. Of these, over 100 are for management posts. Its junior executive training (JET) programme is being expanded with an additional 112 hands being drafted for it.

The training is imparted to administrative and technical recruits for achieving the perfection. For these posts, over 5,000 applicants from all over the country are being screened.

ICI also has facilities for training over three years school boys in technical fields.

BRIEFS

POPULATION STATISTICS--India's population was 659 million as on March one this year. The estimate was made by the expert committee on population projections, appointed by the planning commission under the chairmanship of the registrar-general of India, the minister of state for health, Mr S.R. Laskar informed the house. The number of deaths owing to jaundice rose from 1,350 in 1977, to 1,799 in 1978 and to 2,083 in 1979. The government is considering representations received from the medical profession against its instruction that the brand names of the drugs should be printed or written in a more conspicuous manner than the trade name. About 1.19 million mandays were lost owing to strikes between January and March this year. The question of computerisation of reservation in Indian Railways is being considered. There are 13,847 medical graduates and post-graduates on the live registers of employment exchanges as on December 31 last. There is no proposal before the government to nationalise the private parcel transport industry. [Text] [Bombay THE TIMES OF INDIA in English 11 Jul 80 p 7]

DEATH OF MILITANT--Agartala, July 10. Renu Deb Barma, one of the tribal militants allegedly responsible for last month's communal carnage, died in police custody early this morning. According to police, he died of a heart attack while he was being removed to the central jail here from the police court. The Tripura Upajati Suba Samiti telegraphically informed the Prime Minister and the Home Minister of his death and demanded immediate Central intervention in Tripura. It alleged that Renu Deb Barma had died because of "police torture." UNI. [Text] [Madras THE HINDU in English 11 Jul 80 p 1]

NATIONAL JUTE CORPORATION--New Delhi, July 9.--The Centre has decided to set up a national jute manufacturers corporation, a public sector company, to manage the affairs of nationalized jute mills in the country, the Commerce Minister, Mr Pranab Mukherjee, announced in the Rajya Sabha yesterday, reports PTI. Replying to a three-hour debate on the National Company Limited (Acquisition and Transfer of Undertakings) Bill, 1980, Mr Mukherjee said the corporation, to be run on the pattern of other public sector companies, would also take care of any other mills

nationalized in future. The Bill was approved by the Rajya Sabha today by a voice vote after four amendments by Mr B.G. Das (Janata) were rejected. With this measure Parliament has put its seal of approval on the nationalization of National Company Limited. The Bill has already been passed by the Lok Sabha. [Text] [Calcutta THE STATESMAN in English 11 Jul 80 p 6]

FAMILY PLANNING STATISTICS--Mr Jyoti Basu, on Thursday stressed the need for intimate involvement of the village panchayats in the Family Welfare Programme for its further success in the State. Mr Basu was inaugurating a conference on Family Welfare in Calcutta. Government officials, doctors and representatives of municipalities and gram panchayats were present. Mr Basu said that in 1979-80 more than 70% of the target allotted to West Bengal had been achieved. Later, at a press conference, Mr A.K. Sen, Chief Secretary, said more women had come forward for sterilization than men. The present birth rate in West Bengal was 13 per 1,000 people but efforts were being made to bring it down to 10 per 1,000 by 1982-83, Mr Sen added. Mr Nani Bhattacharya, Health Minister, hoped that the cooperation of the panchayats, zilla parishads and civic bodies would help to achieve the State's target. The Chief Secretary said that in Calcutta, where the target had been set up for 22,000 people only 18,000 people came for sterilization. But in Cochin Behar, the target was exceeded. [Excerpts] [Calcutta THE STATESMAN in English 11 Jul 80 p 12]

DISSEMINATION OF DAYAN VISIT--Available records do not indicate the use of an IAF aircraft to transport former Israeli Foreign Minister Moshe Dayan on any mission after 15 and 16 August 1977 when he was flown in an IAF plane from Bombay to Delhi and back to Bombay, reports UNI. This was stated in a written answer to Mr Bhagyan Desai in the Lok Sabha on Wednesday by Minister of State for Defence C.P.N. Singh. The airlift in August 1977 was arranged by air headquarters on oral directions received from then prime minister Morarji Desai, by the then Chief of the Air Staff. Mr Dayan was accompanied by two foreign nationals, 'whose identity is not known' besides the then Joint Director, Intelligence Bureau, Mr John Lobo, and the then Director, Air Intelligence Air Commodore S.C. Suri, Mr Singh added. [Text] [New Delhi PATRIOT in English 11 Jul 80 p 3]

WESTERN CORPS COMMANDER--Lieutenant General S. K. Sinha, adjutant general at the army headquarters has been appointed general officer commanding of a corps in the western sector reports PTI. General Sinha has held various command, administrative and staff appointments since an official release. He is the colonel of 11th Gurkha Rifles and colonel commandant of the Intelligence Corps. [Text] [New Delhi PATRIOT in English 11 Jul 80 p 3]

DELHI: (I) EXPLORATION--New Delhi, July 12 (PTI)--A Special report on oil possibilities in various basins of North Cambay basin in Gujarat was presented by the chairman of the oil and natural gas commission, Mr P. T. Venkatesh, at the Institute of Petroleum Exploration yesterday by Doctor Ali Hashim, Soviet specialist on stratigraphic traps from Raku, USSR. The 120 page report with 100 pages containing maps and drawings was prepared by Dr Hashim and three Indian geologists L. K. Singh, N. K. Singh and S. S. Verma. The report indicated that there is good possibility of finding substantial additional quantities of oil and gas in northern part of Cambay basin in Gujarat in suitable traps. (Text) [New Delhi PAIR] (In English 13 Jul 80 p 10)

BANGLA PROHIBITIONS REBUTED--Kolkata (W. Bengal), July 12 (PTI)--Prohibitory orders under section 144 Cr. P.C. have been promulgated within the limits of Murshidabad district bordering Bangladesh with effect from Monday. Knowing this, an official notification issued here today said that this step had been taken to prevent the smuggling of essential commodities and livestock and the lifting of cattle. This followed reports of widespread smuggling of such commodities to Bangladesh. (Text) [Bengal THE TIMES OF INDIA in English 14 Jul 80 p 7]

GOVERNMENT CLASSIFICATION--Madras, July 13--The Backward Classes Commission will be submitting its report on September 10, according to Mr E. Subramanian member of the commission. He said that those States which had not been covered so far--Maharashtra, Goa, Andhra Pradesh, Uttar Pradesh, Madhya Pradesh and Rajasthan--would be taken up from July 20 to August 24. The commission has so far received 611 replies in addition to 2,111 representations from various States and regions. Thirteen States and Union Territories and 38 Union Ministries have sent full information in answer to their questionnaires. Field operations in respect of the socio-educational survey have been completed in all the States. The Backward Classes Commission has been entrusted with the task of analysis which is expected to be completed by July 31. The commission has decided to invite some specialists to Delhi to give their evidence. (Text) [Madras THE HINDU in English 13 Jul 80 p 12]

HEAVY INDUSTRIES REVIEW--New Delhi, July 13--The aggregate output of heavy industrial units being looked after by the Heavy Industries Department of the Industry Ministry has increased by about 10 per cent to Rs 4,000 crores during 1979-80 as compared to the previous year. According to a detailed review by the Department of Heavy Industry, the outlook for 1980-81 is even brighter because number of measures being taken to improve the bottlenecks in infrastructure facilities. But the shortage of raw material inputs, especially steel, inadequate and erratic power supply and labour unrest have affected the performance of heavy industry to some extent. The output of the 16 public sector enterprises under the Department of Heavy Industry increased from Rs 1,658 crores in 1978-79 to about Rs 2,200 crores in 1979-80. The target for the current

These 100 men, 25,000,000 rupees, these production units, which collectively generated a loss of Rs 9.91 crores during 1978-79, gave bright performance during 1979-80 inasmuch as they together earned a profit of Rs 16.11 crores. This is expected to increase by more than 95 per cent to Rs 31 crores with the proposed measures for improving their working. The South Indian Electricals Limited (SIEL) is estimated to have earned a profit of Rs 50 crores—Rs 9.61 crores more than that of the previous year's level of Rs 40.37 crores. (Text) (Madras THE HINDU in English 16 Jul 80 p 1A).

HINDU BHATTACHARYA DIES—New Delhi, July 14—Mr Dinen Bhattacharya, (CICM) M.P. and noted trade union leader, died at Ram Sanchar Lohia Hospital here shortly after midnight last night, reports PTI. Mr Bhattacharya, who was 65, was a patient of asthma and was admitted to hospital on July 10. His condition deteriorated last night. Mr Bhattacharya was a bachelor, but Staff Reporter adds: Mr Bhattacharya's body was flown to Calcutta by a special Indian Air Force flight in the evening. Mr Jyoti Basu laid wreaths on the body at the airport. Among others who laid wreaths were the West Bengal Minister for Land and Land Revenue, Mr Boney Chowdhury, the Advocate-General, Mr Shehangshu Acharya, and Mr Somnath Chatterjee, M.P. (Text) (Calcutta THE STATESMAN in English 15 Jul 80 p 1).

INDIGENOUS MANUFACTURE OF DEFENCE—Indigenous manufacture of defence equipment is of great importance and it is "our national policy to completely eliminate, if at all, reliance on foreign countries" for maintenance of the sophisticated equipment the country has already procured. MINISTER, P. V. Narayana, Chairman, Technical Committee (Vehicles) Directorate of Inspection under the Ministry of Defence, said in Calcutta on 14 July while speaking at a seminar on indigenous manufacture of defence equipment. An exhibition of samples was organized where defence production and the country's efforts at producing import substitutes in an organized manner with the cooperation of private industry were highlighted. Brigadier V.K. Singh, who is also the Chairman of the Indian Institution of Production Engineers, said that efforts were being made to manufacture defence equipment in the country. He pointed out that it had been possible to produce a large number and variety of equipment in the country with the help of the private industry. He, however, said that there was still a gap between demand and supply from the indigenous sources. This gap should be bridged in the national interest, he added. The seminar was organized by the Government of India, New Delhi, Deputy Inspector (Vehicles), Directorate of Inspection. (Text) (Calcutta THE STATESMAN in English 15 Jul 80 p 1).

GOVERNMENT PLACED-KEEPING FORCE--The center has decided to form a composite peace-keeping force to effectively deal with communal riots. Raising of three battalions has been sanctioned. The force will consist of members drawn largely from the minorities and the schedule castes and tribes. It will be specially trained and equipped to deal with communal situations and also to provide succor to the innocent sufferers in all such situations. The peace-keeping force will be fully mobile, capable of reaching the troubled spots in the shortest possible time. Their training is intended to restore confidence in the weaker sections, particularly in the minorities. A crash program of recruitment to the force is being undertaken. [Text]
[RE1/1630 Delhi Domestic Service in English 1530 GMT 12 Sep 80]

GOVERNMENT DEALS WITH NAXALITE PROBLEM--The center has alerted all the states about the Naxalite problem and will assist them to deal with it. This was stated by Union Minister of State for Home Affairs P. Venkatasubrah in an interview with UNITED NEWS OF INDIA, Hyderabad. He said although law and order is a state subject, the center's assistance will be provided to deal with the Naxalite problem if the states ask for it. [Text]
[RE140818 Delhi Domestic Service in English 0240 GMT 14 Sep 80]

CGO: 4220

MEASURES TAKEN TO IMPROVE ECONOMIC STABILITY

South Asian BUSINESS TIMES in English 20 Aug 80 p 6

(Steel)

IN ITS 35 years of independence Indonesia has undergone ups and downs, survived various trials and tests and made many advances.

The experience it gathered during the past three and a half decades has made Indonesia more matured in handling its domestic socio-political affairs and international relations.

In entering the 1980s, Indonesia has also prepared well ahead to place its economy in a stable position to absorb some of the adverse influences of the sagging world economy.

The increasing strength of its economic resilience is marked, among other things, by the fact that it has retained stability in the midst of the upheavals of the world economy that have occurred in the last few years caused by the political tensions and conflicts that have been taking place in various areas and by inflation and recession.

Inevitably, there have been an influence upon the economies of the developing countries, including Indonesia.

President Suharto, in his special message to mark the 35th anniversary of independence, told the nation that Indonesia is grateful because it has the power to withstand the upheavals in the world economy.

This is partly the re-

sult of the development programmes it had carried out and the courage it had to undertake measures to safeguard the economy in past years.

Anticipating the imminent impact of the depressed world economic situation, Indonesia boldly devalued the rupiah, a step known as the "Nov 15 policy." Several months ago, it adjusted the prices for fuel oil, for transport fees and electricity and other prices.

Despite the economic instability that immediately followed the moves, domestic products were able to achieve competitive strength and were able to compete on the foreign markets and with foreign goods on the domestic market.

In this way, it reached two important targets simultaneously: encouraged production in various fields - agriculture, industry and mining - which created employment opportunities, and made it possible to build up increasing amounts of foreign exchange by increasing exports whilst imports of ready made and consumer goods keep on declining.

This accounts for why the Indonesian foreign exchange reserves at present is very encouraging and stable compared with the situation in previous years.

This will be an important asset for spending up

increases in production and investment and also in consolidating the economy.

What is most encouraging is the increase in rice production. It is estimated that in 1980, Indonesia will produce around 20 million tons of rice, an increase of about 2 million tons compared with the 1979 harvest. With this increase in production, it now possesses quite a strong national stock of rice of about 2.5 million tons.

Of this quantity, about 1.5 million tons constitute domestic purchases during the past few months, a quantity that has never before been reached in the history of the domestic supply of rice. It is anticipated that this availability will continue to increase.

Indonesia, with over 160 million people, has to build up stocks of food stuffs, rice in particular, in order to overcome conditions of scarcity between harvests and at times when this is needed if the harvest in some particular place does not fulfil the targets due to natural disaster or other adverse factors.

With the increasing strength of rice stocks, it will be possible to give ever greater assurance of stability in the prices for rice in the future, and this will also strengthen its economic stability and resilience.

Such large domestic purchases of rice were effected through the village unit enterprises village unit co-operatives known locally as *buud kud*.

The undertaking to intensify farming in the context of increasing production and of raising the peasants' incomes is not limited just to the farming of food crops, but also to the expansion of estates, stock-raising and fisheries.

In the estates sector, programmes are being prepared for the rehabilitation and rejuvenation of smallholdings under rubber, coffee, coconut and others.

So, too, in the stock-raising and fisheries sectors where *bimas* (mass guidance) packets of facilities will be increased to cover the raising of beef cattle, dairy and poultry and also for shrimps and fish from sea and brackish water ponds.

In addition to the work of stepping up agriculture, the government is also trying to increase production through the extension of farming outside Java. This measure is linked with the effort to solve the problems of population pressure in the traditional farming areas.

In implementing transmigration, the government has opened up land in areas in the outer

islands for settlers and this is being speeded up by the intensified programme of transporting transmigrants from densely populated areas by land, sea and air.

During the last seven months, 34,000 families were moved. This will not only help to reduce the pressure of population in the densely-populated areas but it will also enable the opening and growth of new areas of production outside Java and improve the living standards of the community.

Attempts to increase the productive capacities and incomes of the weaker economic groups in the context of creating development equity and social justice is also being constantly intensified in the fields of small industry, smallholder handicraft and small businesses.

Besides the facilities that have so far been provided by the government — such as information and guidance, soft-term credits and the like — cooperation between large and strong industries and the small handicraft industries is being constantly activated by the adoption system.

Increasing numbers

of large private enterprises and state enterprises are working together with small industry handicraft industry concerns. The bigger enterprise provides technical guidance, supplies raw materials and other things to the smaller industry to produce all kind of goods needed by it. They also help in the marketing of the products of the small handicraft industry.

Meanwhile, the growth in the industrial field has also been intensified. In line with the guidelines of the state policy, the government is promoting the development of industries manufacturing raw materials into finished goods.

Larger industries like fertiliser and cement plants will be constructed, utilising the abundant raw materials found in the country both for meeting the domestic demand and for export purposes.

For the forestry industry, the government has introduced legislation making it mandatory for forest exploitation permit holders to set up industries for processing timber, such as plywood, pulp and possibly paper industries.

In the petrochemical industry, preparations are being made for the construction of an aromatic, olefin and methanol industry in co-operation with foreign partners.

In the processing of crude oil, Indonesia is now busy preparing for the construction of a hydrocracker at Dumai, expansion of the oil refineries at Cilacap and Balikpapan and for expansion of the liquefied natural gas refineries in east Kalimantan and Aceh.

To increase the capacities for energy, the construction of several hydro-electric power stations, thermal power plants and coal mines are now being evaluated and carried out.

Meanwhile, the construction of the Asahan electricity generator and aluminium smelting plant in Sumatra and the expansion of facilities at the steel mill at Cilegon, west Java, are continuing as "the initial steps to support the construction of heavy and basic industries" such as the aircraft industry, a ship-building industry and motor vehicle industry.

All are geared towards long term development goals to attain a balanced economic structure, a strong industry supported by a dependable agricultural sector.

FRENCH MISSILES SOUGHT FOR IRAQI HELICOPTER PURCHASE

Rangoon THE WORKING PEOPLE'S DAILY in English 8 Aug 80 p 2

[Text]

DJAKARTA, 16 Aug—Indonesia will make approaches to the French Government to get it to agree to supplying anti-tank missiles for installing on Indonesian-made helicopters to be sold to Iraq, a Trade Ministry spokesman was today reported saying.

Iraq had offered to buy modified versions of helicopters made by the Nurtanio Aircraft Industry in Bandung, West Java, for use by the Iraqi Armed Forces on condition that the helicopters be equipped with French-made *Rudal* anti-tank missiles, he told the Press.

The offer was said to have been made by Iraq's Minister of Defence to Indonesian Minister of Trade Ratus Prawiro

when the latter visited that country recently.

The official made the statement in connection with the arrival here Friday of a nine-member Iraqi economic mission led by Foreign Economic Relations Director-General Farouk Dawood Salman for a one-week visit to discuss trade expansion between two countries.

The spokesman said he did not believe the helicopter sales plan which would constitute the biggest transaction so far between the two countries, would come up for discussion as the matter now rested with the French Government, which preferred to sell both helicopters and the missiles as one package to Iraq.

NAB AFP

CSU 4210

BUMPER RICE CROP RAISES HOPES OF SELF-SUFFICIENCY

Kuala Lumpur BUSINESS TIMES in English 23 Aug 80 p 10

[Text]

JAKARTA, Aug 22

A BUMPER rice harvest has revived Indonesia's hopes of becoming self-sufficient in food production.

President Suharto used the country's Independence Day observance last week to announce that a record crop of 30 million metric tons was expected this year. The national stockpile currently holds 2.5 million tons, another all-time high.

President Suharto said this meant "that being self-supporting in food-stuffs, for which we all hope, is not something impossible."

A World Bank analysis said last year that the world's fifth most populous nation was unlikely to feed itself within the next 10 years. The report said Indonesia would face food deficits at least through 1990.

In recent years Indonesian politicians have tended to avoid the once-standard promise that this country would soon grow enough rice to feed its people. They now talk instead of food crop or carbohydrate self-sufficiency.

This week a Member of Parliament cautioned that a record crop did not assure self-sufficiency.

Tuumanjuntak said we can consider ourselves self-reliant in food only if our crops produce sufficiently to maintain the whole country's demand and national resilience for a certain year...

Staple foods vary from island to island in this vast archipelago, with rice, the favourite, providing about half the country's dietary food value. About 14 million farmers grow rice and 80 per cent of it is produced on Java.

More than 150 million people live on Indonesia's 13,677 islands, according to United Nations figures.

The main or wet season crop accounts for two-thirds of Indonesia's output. It is usually planted in November and December and harvested some four months later.

Late rains delayed growth of the wet season crop by more than a month this year. The same thing happened two years earlier when the previous record crop of 17.8 million tons was harvested.

Excellent weather, increased use of high-yield and insect-resistant rice strains and improved distribution of fertilizer

get most of the credit, according to one experienced crop watcher. He estimates this year's crop at 18.5 to 19.5 million tons. That's less than President Suharto's announcement but still a record.

"The good rains made third crops possible in some areas," he said.

When rice stocks were about 800,000 tons last March plans were announced to import a record 2.4 million tons of foreign rice in the fiscal year that began on April 1. There is no indication now how much of that will reach Indonesia's already bulging warehouses.

Agricultural economists and other sources say that even with a bumper harvest this country will probably remain the world's largest importing country in 1980. Some orders have been cancelled and other shipments delayed by Bulog, the government's institute for logistic affairs.

Elections are scheduled in 1982 and the rice bins are expected to be kept full in anticipation. — AP

OIL PRICE PREMIUM CUT; OIL STRIKE IN ATTAKA FIELD

Kuala Lumpur BUSINESS TIMES in English 23 Aug 80 p 12

[Text]

TOKYO, Aug. 22

INDONESIA has informed Japanese oil distributors and refiners that it will lower the premium on the government selling price of crude oil by US\$1.50 to US\$2.00 per barrel next month, it was announced today.

A spokesman for the Far East Oil Trading Company, one of two Japanese importers of Indonesian crude, said the premium will be reduced to US\$1.75 for light crude from the present US\$3.25, and US\$2.00 for medium and heavy crude from the present US\$4.00.

Indonesian light crude oil at the moment sells for US\$34.75 per barrel and heavy crude for US\$30.00 per barrel, excluding the premium.

The latest decreases in crude prices reflect a reduction in spot prices for crude on the world market, industry officials said.

The premium has also been going down over the last few months because of an easing in the supply and demand situation.

Indonesia's state-run oil company, Pertamina, is charging the premium on about half of its contracted crude oil volume.

The company has been adjusting the premium in proportion to the crude

oil market price.

JAKARTA: Union Oil Company of Indonesia, an affiliate of Union Oil Company of California, has discovered oil in a new well in the Attaka field off east Kalimantan, the state-owned Pertamina oil company announced yesterday.

Pertamina said the new well tested at 11,555 barrels of crude a day.

The Attaka field has produced an average 90,000 barrels a day since 1972.

Pertamina said Union Oil's combined production from three Indonesian fields now averaged 100,400 barrels a day putting it among the top five of 15 foreign companies operating here under production-sharing contracts with Pertamina. — UPI, Reuter

INDONESIA looks to huge untapped reserves of gas to supplement its oil earnings and meet the domestic fuel needs of a population fast nearing 100 million.

Major investment will be required. It could result in sharply higher gas exports to Japan and sales to new customers. Wider domestic use of gas would ensure Indonesian oil continued to flow on to what, by the mid 1980s, is likely to be a tight world market for crude, oil industry sources said.

Indonesia's gas policy is largely dictated by projections for its crude output and consumption of refined products.

Crude flow in the first half of 1980 averaged 1.50 million barrels per day (MBPD). New wells are being drilled and exploration is expected within the industry to consume more than US\$500 million during this year.

Until recently it has paid Indonesia to sell its top price, low sulphur crude abroad and import its own needs of lesser quality oil and refined products. But this policy is now open to question.

To keep domestic prices down, the government has had to pay subsidies on the imported fuel - US\$200 million for the 1979-80 fiscal year - off setting benefits from exports.

As the economy develops, demand for energy is also rising at a rate of about 12 per cent a year.

Crude exports in 1979 totalled about 610 million barrels - a 12 per cent decline on 1978.

Domestic refining capacity is increasing and one expert study suggests that at the present rate of economic growth the domestic market could theoretically take all of Indonesia's oil production by 1990.

Oil and gas provide nearly 70 per cent of foreign earnings, the bulk of this from oil. But every additional billion dollars earned abroad represents only US\$17 per head of population in a country with a per capita income of US\$200, according to World Bank statistics.

Expanded oil exploration may increase Indonesian production only to 1.80 million MBPD according to some expert predictions.

The same American study suggested, however, that liquefied natural gas (LNG) could by the late 1980s overtake petroleum as the main exchange earner and some experts say that the figures used by the US Embassy to draw this conclusion are already proving conservative.

Pertamina president Piet Hartono earlier this year said that by 1990 LNG producing units could number 10 against five today, providing US\$30 billion in foreign exchange at present prices, mainly from Japan and the United States.

In 1979 gas production at 10 billion cubic feet is up 18 per cent over 1978, which was 90 per cent more than in 1977.

The US Embassy said natural gas eventually may become Indonesia's most important hydrocarbon resource in terms of both exports and feedstocks.

Most natural gas is now being liquefied for export to lucrative contracts with Japan. Industry experts say sales abroad could treble by the late 1980s.

But there are also plans now to use gas for power and feedstock in an expanded domestic fertilizer industry, including one being set up as part of a co-operative industrial project with Indonesia's partners in Asean.

The Philippines has also reached agreement to obtain gas from Indonesia.

The Pertamina chief told a conference earlier this year that unlike in the past, natural gas should now also be placed as the primary exploration objective in Pertamina's exploratory campaign, side by side with oil.

In 1978, natural gas provided only 7.4 per cent of Indonesia's domestic commercial energy production. By last year the figure had more than doubled and is intended to reach nearly 10 per cent by 1984.

To encourage more searches for natural gas - both for liquefaction and as a source of industrial raw material, power and domestic purposes - Indonesia is considering boosting domestic prices to provide a better return.

A senior spokesman for Pertamina told *Reuters* that raising the commercial price to US\$1.50 for a million British Thermal Units (BTUs) for industrial consumption could make development of natural gas very rewarding for foreign companies, while still a relatively cheap power source.

There is no clear cut pricing policy at present. The spokesman said prices ranged from 50 cents per million BTUs for fertilizer and steel plants to US\$1.90 for cement factories.

Mr Trisulo estimated that implementation of a new gas pricing system could save the government up to US\$100 million in fuel subsidies by 1985 and perhaps more as industry switched to natural gas from imported refined oil products. Some foreign experts say more investment in natural gas could achieve much more dramatic gains.

One consultant told *Reuters* he considered energy needs could be met in the whole of overcrowded Java, with more than half the country's population, by bringing natural gas ashore by pipeline to a grid that could run right through the island.

This may be ambitious in a country where only a small percentage of the population has domestic

gas - just over two million households according to one government statement. But many use extremely expensive kerosene for cooking for which domestic natural gas could be substituted.

PENANGKALAN, 17 APRIL (AP) —

INDONESIA'S MINERAL RESOURCES ARE

1279

Indonesia's rich mineral resources, now able to meet only 10% of domestic need of refined oil products, has been added to a program to fill the gap with the country's own oil and gas resources. These will include a \$400 million grant to develop central Sumatra to be paid within 10 years, it was reported Saturday.

The Indonesian hydrocarbon ministry today considered an agreement to purchase 20,000 barrels per day of heavy oil from the United States. The deal would add a heavy oil field to the country's oil reserves.

Indonesia's present oil reserves, totaling 100 million barrels, are expected to last only 10 years. The country's oil reserves are expected to last only 10 years.

The deal between the two countries would provide for the purchase of 20,000 barrels per day of heavy oil from the United States. The deal would add a heavy oil field to the country's oil reserves.

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normal 120,000 barrels per day by 1985. The deal has not yet been decided.

Indonesia's Pertamina has already begun preparations for the deal. The deal would add a heavy oil field to the country's oil reserves.

Design and construction contracts have been awarded to Spanish and American companies. The deal would add a heavy oil field to the country's oil reserves.

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CONSTRUCTION OF CEMENT PLANT IN ACH

Reprinted from THE WORKING PEOPLE'S DAILY (B. THAILAND) 25 Aug 83 p. 2

(Tues.)

JAKARTA, 23 Aug. — A new one-million-ton cement plant owned partly by the British Blue Circle Cement Manufacturers is expected to start production in the north of Aceh (Sumatra's north-eastmost province) in 1984, earlier than planned, an Industry Ministry spokesman said today.

Preparations for the building of the some 193-million-US-dollar plant have proceeded smoothly, and the site for the plant has been cleared and compensated for, the spokesman said.

The venture, named Semen Andalas Indonesia, is capitalized for 75 per cent by the Blue Circle together with Swiss and other foreign interests, with the Indonesian partner bearing the balance.

The plant, for which the Government issued its approval last February, has been calculated to be able to depend on local raw material resources for some 12 years. — *AB, AFP*

VIET TO THAILAND FRONTIER IN BORDER ZONE

WORLD LUMBER SUPPLYING ZONES TO THAILAND'S 24,000,000

(APRIL 10, 1975)

(TWT)

A TRIP to the jungle camp of one of this century's bloodiest revolutionary movements begins with a woman's soft voice on the telephone and a swirl in the air.

This casual, slightly flesh and idiosyncratically contacts with the Khmer Rouge in Bangkok is followed by some home-jarring hours in the back of a pickup truck speeding through the night and a dawn here across the Thai frontier into the deep, still forests of embattled Kampuchea.

Welcome to the liberated zone, says our guide. "Please watch out for the army, snakes and wait in the back of your seat."

The early, pale, tropical landscape opens stages of Indo-China warfare, with the capture to be of any defenseless and appear to be those of death to the peace of the world. A group of soldiers, images of the three nations along a winding path to the main camp, and the army of the ready to attack the ground from the forest.

The camp, a small, slightly light, and new, of the revolution, is where a growing number of the fighters, mostly young, have met with the leaders of the Khmer

regime, a regime begun by a Vietnamese invasion 20 months ago. There are five guest huts. "This is one of the regime's Ministers jokingly says them. "Set among the trees and two dining pavilions of wood and corkcomb leaves.

Special food for the guests, including beer is portered in from Thailand. The western style cuisine is commendable. The mood jovial, except when war, politics and Vietnam are discussed. The hosts laugh when the journalists suggest the camp be set for jungle tours, catering to Japanese tourists.

It is all part of an intensive effort - internal. A guerrilla leader - designed to impress visitors that - firstly, the ousted regime is an effective fighting machine, which all anti-Vietnamese and anti-communist nations should support, and secondly, that the Khmer Rouge have changed their brutal ways.

Prisoners of the Khmer Rouge - the grilling, the real old revolutionary who was President during the 1973-74 rule of the former Rouge - were the heavily armed at a long, wooden, and the prisoners, hanging from two trees in the camp, his hands and feet

200,000-strong Vietnamese occupation force, killing or wounding 100 to 300 of Hanoi's soldiers each day in fierce guerrilla combat.

Butterflies flutter around the briefing table and Khieu Samphan's low, deep, voice competes with the chatter of birds and crickets and the roll of a distant thunderstorm.

Khieu Samphan talks for three hours. His movement's harsh methods are a thing of the past, personal freedoms, private property and religion have been restored, communism and collectivization have been abandoned, people of every political stripe can join his fight against Vietnam when victory comes, the old methods will not - repeat - will not return.

What another Kampuchea under the Khmer Rouge would turn out to be is speculative, but the burden of proof that the movement has radically changed rests heavily on Khieu Samphan and his senior leaders.

Since before - during their 1970-73 war against the American-backed government of President Lon Nol - the Khmer Rouge had waged open warfare in just the fight and promised all sorts of

Frenchman.

When victory came the movement's second-in-command leader - Prince Norodom Sihanouk - was divested of power and held a virtual prisoner.

All but the true believers were ruthlessly purged following the classical "United National Front" strategy of dual communist movements.

Now, its called the "Patriotic and Democratic Front of Great National Union of Kampuchea" and it claims there has been an "improvement" in its leadership.

But with minor exceptions, the hard-core ultra-revolutionaries are still here. Khieu Samphan, Deputy Premier, long Sary, Assembly head Nuon Chea, Defence Minister Son Sen.

Even the wives of some of the leaders still hold key positions, and one Minister even admitted that the removal of ex-Premier Pol Pot was a concession to the West that has been resented by his policies.

Pol Pot himself is kept well out of sight of visitors, but still heads the army and the Communist Party, which somehow exists despite the supposed renunciation of communism.

Explanations of how Kampuchea culture was destroyed and its population terrorised under Pol Pot's rule range from the improbable to the absurd.

Buddhist pagodas were razed and Catholic cathedrals taken apart stone by stone because of Vietnamese agents, claims long Sary.

Whatever doubts exist about the political line, it is apparent that the ousted regime is resolved to wage a tough war to return to Phnom Penh.

The newsmen are taken atop a hill overlooking a vast, forested plain sloping to the Kam-

pochee valley. Mine equipment and the sound of warfare are heard in the distance.

Waiting is a unit of ill-armed guerrillas standing in formation.

They go through an impressive demonstration of knife-fighting, grenade-throwing and camouflaged attack. The young soldiers slither forward, with the leaves and branches attached to their tunics blending perfectly with the vegetation, then emerge a few yards in front of the jungle, brandishing rifles and 840 rockets poised for firing.

The leaders host a dinner - soup, stuffed chicken and French fries, shishkabab and desert. They are charming, sophisticated and speak excellent French.

It is hard to connect their lantern-lit faces with the photographs of dishevelled children in Phnom Penh's Tuol Slaeng Prison, with a landscape of ruined pagodas and ravaged towns with consistent stories of massacres, forced labour and dehumanising life in collectives.

The propaganda campaign - aimed largely at the world's non-communist media - has had mixed results.

Some journalists have stressed that the Khmer Rouge are now fighting a legitimate war against an outright foreign invasion and have questioned whether leaders like Khieu Samphan were directly responsible for past atrocities.

Some have even offered unsolicited advice on how the movement could clean up its image. Others have emphasised that the Khmer Rouge have yet to prove their words with action, and that there is no incompatibility between personal charm and mass murder. - AP

July 1974 - 1975

Malayian Sunday NEWSPAPER TIMES (in English) (in Malay)

Page 1 of 1 (1000 words)

Friday, July 19, 1974

THE START of the new marks a major watershed of Malaysia's defence policy. It will also be remembered as a period of dynamic and ambitious growth of her armed forces.

On July 1 this year, Datuk Hussein Onn told C. 600 delegates at the party's general assembly: "We will acquire more up-to-date weapons, build more training centres, increase the numbers of officers and personnel and upgrade our skills and capability in conventional and non-conventional warfare."

Outlining an across-the-board expansion programme, the Prime Minister said several infantry battalions would be formed plus an armoured regiment.

"The RMAF will be equipped with modern jet fighters while a training base in Kelantan and a transport base in Bichang will be built."

"The new RMN base in Lumut is being completed," Datuk Hussein added.

"In addition, several bases will be built at various places."

His reason for this sudden and unprecedented programme is that "we are in a politically disturbed region and this requires us to strengthen our defences."

Commenting on Datuk Hussein's pledge to provide aid (including military assistance) to Thailand if she was attacked by foreign forces, Defence Minister Isak Mohamed Taib said Malaysia's armed forces were being trained to meet any foreseeable exigencies.

This pledge is the first made to a foreign country, apart from joint border operation against insurgents of which is a different commitment source.

"The infantryman does not fight alone. He has artillery support to provide covering fire in addition to the strike aircraft of the RMAF in vital operations."

But by and large, the greatest contribution of the RMAF is to provide logistic support, transport and medical evacuation.

This is reflected in the aircraft acquired by the air force so far is transport and helicopter.

It has just two squadrons of the light aircraft F. 5 and a single T. 28. The T. 28 is a jet

trainer with limited secondary strike capability representing its first-line punch.

The obsolete Tebuans have a very short radius of action with limited weapon load.

Purchased in 1968, they are slated for a purely trainer role before complete phase-out in 1978.

Squadrons

In December last year, the Parliamentary Secretary to the Defence Ministry, Datuk Haji Abdul Jalil, announced that a new \$1.4 billion air base would be set up in Gong Kedah, near Pangkajene. Expected to be completed by 1980, it will have 14,000 base personnel.

In March, the Chief of Air Staff, Maj. Gen. Datuk Mohamed Taib, said the RMAF would be expanded rapidly in the face of challenges following developments in the region.

Two months later

Deputy Prime Minister Datuk Seri Dr Mahathir Mohamed confirmed reports that Malaysia was buying Skyhawks to replace the aging Tobuans.

An initial batch of 22 A-4 Skyhawks will be delivered next year out of a reported total of 44 bought from McDonnell Douglas.

Kuantan is to become a major fighter base and the helicopter squadrons there will be based in Kluang, Johore, instead.

The significance of the Skyhawk purchase is that it has given the RMAF at long last, a strike capability which is effective in every sense of the word.

The Skyhawk will also free the F-5E, an excellent aircraft in the context of South Asian air power, to concentrate on the air superiority role.

This will ensure that the Skyhawks will be able to press home any ground attack without hopelessly being intercepted by enemy fighters.

For the first time, the air force has been given an adequate number of a good and relatively simple aircraft.

Even assuming a low serviceability rate of 50 per cent (the RMAF claims the really excellent rate of 70 per cent for its current aircraft types), it will mean that 40 Skyhawks will be ready for any contingency at any time.

All in all, the Skyhawks will give the RMAF a power strike aircraft of adequate range and respectable ordnance load.

The effect of the defence expansion programme upon the Royal Malaysian Navy has been equally significant.

From a largely coastal defence force it has grown into a hard hitting navy with two squadrons of missile armed fast strike craft to give it a deadly sting.

The latest squadron of four Agos M 190's with the French "Esmer" missile entered RMN service late last year.

Among other things the navy will get a new base in Kuching and the RMN's elderly minesweepers decommissioned and replaced by the latest types.

It has tanked the deluge of Vietnamese boat people and seen the tragedy of that euphemism "regional unrest" at first hand.

This crisis of boat people also brought home to the RMN and the nation's leaders that the navy is vastly overstretched. Towards the end of 1979, the RMN deployed just nine vessels to patrol the entire East Coast.

Although Rear Admiral Datuk K. Thanabalan, the former Chief of Naval Staff, saw the need for an ocean going navy five years ago, economic and financial constraints did not make it feasible at that time.

Nevertheless, the expansion scheme for the RMN is quite ambitious. It plans to double its manpower from the present 7,000 to 13,000 by 1983.

The present Chief of Naval Staff, Laksamana Muda Datuk Mohamad Zain Saleh, said the navy would also get a \$40 million support ship from Germany fairly soon, and was studying the possibility of buying four large minesweepers and corvettes.

This year the army with RMAF and RMN support, has carried out the "Gonzales" series of exercises. The largest carried out so far.

The Deputy Chief of General Staff, Maj Gen Datuk Bain Mahmood Hashim, on Feb 13 this year, said "although we are very good at jungle warfare, we need to know how to hit at a bigger enemy."

A number of snags cropped up during the Gonzales war games - but the aim of the series was not only to train commanders, officers and men, it was also to identify problems so so that they can be solved.

Defence Minister Datuk Tahir also said the exercise was to sharpen the spirit of self-reliance in the army, which might be called upon to wage a conventional war.

Gonzales II involved fighting an imaginary enemy which had invaded the country from the north. It started on Jan 7 and 20,000 troops including units from Sarawak, were rushed to the "frontline" at Tanjung Gelang, near Kuantan port. It ended on Feb 24, with a successful divisional attack on enemy stronghold in Penarik, Trengganu.

Gonzales III was largely a paper exercise. Gonzales IV, however, was the largest and most ambitious. Involving 50,000 troops from 16 regiments, it swung into action in Perlis, Kedah, Kelantan and Trengganu, in June this year. The exercise was not without its problems but it showed that things can be made to work.

SEARCH FOR HYDROELECTRIC EXPERTISE WOULD BE EXPEDIENT

BY THE MALAYSIAN GOVERNMENT IN ORDER TO DEVELOP THE COUNTRY'S HYDROELECTRIC POTENTIAL

(Continued)

NORTH Korea has expressed keen interest in supplying iron and steel products and cement to Malaysia. It has also offered to provide expertise in the building of hydroelectric power stations.

The offer was made during discussions between North Korea Vice Premier Mr Kim Gyeong Ryon and senior officials of Pernas Trading Sdn Bhd.

However, the North Koreans were also interested in buying more rubber, palm oil and timber from Malaysia, said Enck Annur bin Damsk Euseff, executive director of Pernas Trading.

North Korea's major imports from Malaysia so far have been rubber of which about 10,000 tons were purchased recently and palm oil. But the potential is greater because North Korean industries presently absorb 80,000 to 90,000 tons of rubber a year and this is expected to double by 1984.

Enck Annur said that talks between Pernas Trading and senior officials from the North Korean Embassy began last year but were in-

tened this year as a result of the trade agreement signed by Deputy Prime Minister Datuk Seri Dr Mahathir Mohamed in Pyongyang last June.

Before the agreement, Malaysia's trade with North Korea was negligible. In 1978, total trade amounted to \$8.3 million, which is 0.01 per cent of Malaysia's world trade.

Malaysia exported \$2.3 million worth of goods to

North Korea and imported \$4.1 million worth in return, mainly iron and steel ingots, lead and zinc, chemicals and unmilled maize. Total trade between the two countries reached its highest level in 1978 amounting to \$10.3 million.

Enck Annur hoped the agreement could help improve bilateral trade between the two countries and in this respect, Pernas Trading has a special role to play.

As a government trading organisation, Pernas Trading would, under the agreement, deal directly and exclusively with North Korea, regarding primary items such as steel and cement products, he added.

"As far as steel from

North Korea, is concerned, we have bought very little because we follow the British standards. As North Korean steel bars adopt neither British nor American standards, it is not very competitive. Moreover, as most of the imported steel products are for government projects, they must conform to British standards," explained Enck Annur.

But he added Pernas Trading would explore the possibility of selling North Korean steel bars to the private sector particularly housing developers as they are exempted from such requirements.

In the case of cement, he said that as Malaysia is presently not facing any shortage of the product, "there is limited scope for us to buy their cement."

"But their price of \$4.80 per bag of cement including transport costs, is considered very cheap, way below our ceiling price of \$8.20 per bag," said Enck Annur, adding that this factor could be crucial in future talks should there be any short supply of cement.

North Korea is also keen to sell Malaysia more non-ferrous metals, farm implements, fertilisers, chemicals and food items but Enck Annur said it is too early to determine whether the products have market potential in Malaysia.

The North Koreans are very much interested in the area of hydroelectricity and the National Electricity Board (NEB) has kept in touch with them to look into this prospect," he said.

He said that North Korean expertise in hydroelectricity has developed to a very advanced stage because hydro power is widely used in that mountainous country.

He added that North Korea could help the NEB to meet energy requirements in Malaysia especially in the use of mini-hydro stations.

A technical mission from the Ministry of Trade and Industry will be going to North Korea before the end of the year to study mini-hydro projects with a view to buying equipment for installing such plants here.

MALAYSIA

MCA LEADERS CALL FOR SOLIDARITY, CULTURAL ASSIMILATION

Reference: SIN CHOW HIT POH MALAYSIA in Chinese 4 Aug 80 p 4

(1 August Report from Kuala Lumpur) "MCA Leaders Call for Political Unity"

[Text] Chen Sheng-Hsin (7115 5116 2450), a deputy head of the Malaysian Chinese Association [MCA], said today: Although we have 4 million citizens of Chinese origin in Malaysia, our political strength means nothing if they are divided into two rival political factions moving in opposite directions and acting against each other.

He added: "By acting this way, we would emerge as miserable losers in any political campaign."

Chen Sheng-Hsin, who is also chairman of the Pahang State Joint Council, and vice minister of education, made the above statement in a speech at a ceremony marking the opening of a political forum sponsored by the Pahang branch of the Malaysian Chinese Youth League [MCYL].

He said: "Politics is a harsh reality. More often than not, we must race against time or act swiftly to reach a well-calculated decision to meet a political challenge. But any quick political action does not mean a reckless adventure. In short, we must firmly grasp every political opportunity to unify our comrades, supporters, and the masses behind a common cause."

"But how can we achieve this political aim? We must think and act in the same way. Only in this way can we come to grips with political opportunities and voluntarily present a united front in response to challenges. No political decision or move can be made without the backing of a united political force."

He said he hoped that this political forum will work out a formula which will guide us to achieve unity in thinking, method, and actions, will unify 400,000 comrades behind their party, and will rally millions of citizens of Chinese origin behind a political cause.

correct ideas, method, and actions are important factors that can unify the Chinese comrades behind their party and transform 4 million citizens of Chinese origin into constructive elements. Our political strength will be debilitated and jeopardized if we are divided into two rival political factions moving in opposite directions and acting against each other. Therefore, we would be bound to emerge as miserable losers in any political campaign. We must never forget the colonial days, when the colonial rulers split us into two rival groups and incited them into fighting each other so as to make their job of dominating us easier. Their policy was aimed at dividing us into two perpetually contradictory groups until we could no longer present any threat to their ruling power. If we are divided, we are bound to be dominated by others and can never enjoy the so-called "right to self-determination," even if we are citizens of an independent and sovereign country. If we cannot keep our own house in good order and cannot present a united front, all political rhetoric will fall on deaf ears. At present, we have found that some people not only are bent on splitting our Chinese community but also have "cracked political jokes" behind the people's back.

"As a matter of fact, those self-styled intellectuals who have never been in politics are not qualified to talk about politics. If they really want to talk about it, they should roll up their sleeves and bravely step forward and openly present their views to the public. Otherwise, their irresponsible talks behind the people's back about politics will do the Chinese community great harm."

We said: Politics is a harsh reality which should be evaluated and treated in a sober manner and with a sense of responsibility. Since we live under the same roof, we will not tolerate meaningless, time-consuming, and damaging charges and countercharges leveled by those with ulterior motives in mind.

11. CHOW KAH KEE Emphasizes Importance of the Mass Line

11. CHOW KAH KEE (b. 1922, 6855 3740), head of the MCYL national organization, delivered a keynote speech at the political forum. In his speech, he said: The MCA, the MCYL, and the compatriots of Chinese origin in Malaysia share the same destiny with people of Chinese origin, others will never give the MCA any preferential treatment. For this reason, the MCA is determined to follow the mass line.

12. 1980's: During the 1980's we face a common historical challenge which will have a lasting and decisive impact on this generation and on posterity. Every MCA and MCYL member and every citizen of Chinese origin with a sense of responsibility for building a society of justice for all in Malaysia will have a difficult role to play in the future. Each of us must look squarely at that historical challenge. At the same time, we have a painful realization: no one can evade a decisive battle if we can evade.

He said: We must take a positive step in reviewing the past, chart a correct course for the future, and do everything possible to overcome difficulties. Criticizing what we have done in the past in a negative manner can in no way solve problems.

He said: The MCYL faces a tough task in the days ahead. But we must fulfill our commitments as members of the MCA and the MCYL, which are urged to play a role in the mainstream of our national political life. We must resolutely carry out our tasks and should leave no job half-finished.

"We can certainly reach our goal as long as every MCYL member is determined to carry the common cause through to the end."

He said: Mobility is essential to keep a nation from falling apart. It is also vital to a political party. Without mobility, the entire Chinese community, including the MCYL, will face the future with uncertainty. He cited the following three historical examples to prove this point:

1. In the middle of the 13th century, Mongols used mounted tribesmen to conquer vast areas of Asia and Europe and establish an empire, thus enabling them to spread the seeds of Chinese culture everywhere.

2. During the 20th century, the United States has built a mighty power on the wheels of motor vehicles which carry manpower and material resources with efficiency and at an incredible speeds.

3. On the other hand, lack of mobility was said to be the key reason for the downfall of an American Asian empire--a high-level civilization--that once flourished in South America."

He said: Without mobility and vigor, a political party will court self-destruction. For this reason, we must devise ways to bring vitality to our party. To this end, the MCYL has launched a series of related programs.

He revealed that in pursuit of the mass line, the MCYL national organization held dialogues with many other youth groups of Chinese origin throughout the country in an effort to seek common ground and narrow our differences with them, adding that only in this way can the MCYL and other youth groups of Chinese origin deepen their mutual understanding and be unified behind the common cause.

10. Appeal for Cultural Exchange

At the 1979-1980 (1981), the MCYL's general secretary, also addressed the 1981 Forum. In his speech, he said: In order to shape a society of unity, harmony and tranquility, the Malay, Chinese, and Indian groups in Malaysia should work together to develop a cultural exchange program aimed at integrating their different cultures into the mainstream of the national cultural life, to be shared and enjoyed by all.

1981, the 10th Executive President of the Malaysian Chinese Cultural Association said: "The government and Malay intellectuals must introduce their culture to other ethnic groups and vice versa. A cultural inter-
play is an important step in melting the three cultures into a national cultural system accepted and appreciated by all in Malaysia."

As stated, when Chinese culture is assimilated with the mainstream of the Malay cultural life, the Chinese community should accept it as a matter of course, rather than stick to its old ideas and customs. All those who stick to their old ideas and are unresponsive to social change will eventually be washed away by the torrents of our time.

1981: Malaysia is a multinational country in which citizens of Malay, Chinese, and Indian origin account for 55, 35, and 10 percent of the population, respectively. A multinational country is a melting-pot of different cultures, educational systems, languages, religions, political and economic concepts, social codes of conduct, and sociological concepts of life.

In view of this, the three major ethnic groups in Malaysia must agree to unite and build multicultural Malaysia, in accordance with the philosophy of "combining and diversity with uniformity" and the principle of "coexistence and community." A multinational society must accommodate multiple cultures and must feel proud of having these cultures. In order to shape a society of stability, unity, harmony and tranquility, the Malay, Chinese, and Indian ethnic groups should work together to develop a cultural exchange program aimed at integrating their different cultures into the mainstream of national cultural life, accepted and enjoyed by all.

We urge radio and television stations to play an active and positive role in carrying out the cultural exchange program through the transmission of films, news, sports events, and cultural programs and entertainment. We urge that they should guard against programs which will have bad and negative effects on society.

1981: There is no Chinese origin will certainly hate and resist Malay culture in the national cultural system conceived by the government if the media, the press, and programs overly emphasize reports that their culture has been suppressed or intentionally suppressed and discriminated against. Under such circumstances, the assimilation of different cultures into the mainstream of our national cultural life will become impossible.

1981: 1981

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play is an important step in melting the three cultures into a national cultural system accepted and appreciated by all in Malaysia."

measures for sowing seeds of dissension among the different ethnic groups should be avoided. Efforts must be made to eliminate racial discrimination and other instances of injustice--especially those practiced by the government, political parties, and economic and educational authorities.

Second, all parents must encourage their children to communicate and build friendship with the children of other ethnic groups.

Third, school principals and teachers should play an exemplary role in teaching the children of all ethnic groups to build friendship on the principles of mutual respect, mutual understanding, mutual love, and cooperation.

Fourth, the people of all ethnic groups in society must strive to foster the lofty ideal of "brotherhood" so that they can share weal and woe together in times of adversity. To this end, they must first uphold the principles of mutual recognition, mutual understanding, mutual accommodation, and mutual assistance. Even more important, the government and politicians must do everything possible to avoid speeches and actions that may stir up controversy among the different ethnic groups. For example, speeches regarding the Malayan people as being "native paupers," non-Malayan people as being "aliens" or "immigrants from foreign countries," and Chinese as being "communists or millionaires" should be avoided.

Fifth, radio and television stations should make efforts to improve their Chinese-language broadcasting programs, and television stations should welcome Chinese actors and actresses to make more appearances in their programs from now on. In short, we must use the mass media to promote the overall cultural exchange program, rather than promote one specific culture and suppress another.

Sixth, the Ministry of Culture, Youth and Sports, the Ministry of Information, and other government organizations must strive to speed up the cultural interflow between the people of Malay origin and other ethnic groups. Government officials and Malay intellectuals should endeavor to introduce their culture to the people of other ethnic groups, while writers and intellectuals of other ethnic groups should try to introduce theirs to the local people. Only by introducing their respective cultures to one another as a step in strengthening their mutual understanding can they expect to form a new culture accepted and enjoyed by all.

He said: "Every ethnic group has its own cultural heritage, social code of conduct, creeds, value concepts, and criteria for commending and punishing people. In our country, no single ethnic group can assimilate or annex another ethnic group, because their cultures have become deeply embedded in this land and no force can dislodge them from here.

The Malaysian national cultural policy must be based on the assimilation of the three major cultures--a policy which grants the culture of Malay

origin the dominant stature. In other words, in the process of promoting the culture of Malay origin as the mainstream of Malaysian national cultural life, the government must give the cultures of Chinese and Indian origins their rightful places.

"In short, to shape and create a national culture supported by all, the government must speed up the cultural interflow between the people of Malay origin and of other ethnic groups, rather than promote one specific culture and suppress another. We must build and develop our country on the long-standing principles of "combining diversity with uniformity" and "coexistence and coprosperity."

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However, with the unemployment rate now about 10 1/2 per cent, there are already signs of labor shortages in some areas and in some

[illegible]

to this broad picture by one word: *justice*. And now the justice needed is not, as a lawyer might be inclined to say, to deny any sound principle is made or to use such as private information just to offer

Although private investment has picked up lately, it is doubtful whether the private sector can develop the requisite dynamism "over night" for the big push needed in the PMA period. The current slowdown in developed countries and the likelihood of persistent stag-
gationism are not going to encourage the private sector to take bold initiatives. Thus obliging the public sector to continue to play a large role

11/11/1974 (WEDNESDAY) 11/11/1974

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THE prices of petrol, and related products have been increased by between 11.5 and 15.5 per cent from today.

In spite of latest reports from Europe that the retail price of oil in Britain and elsewhere has begun to edge downwards, the Malaysian government yesterday announced an unprecedented 15.5 per cent increase in the unit price of premium petrol (from 30.5 to 35.3) in Kuala Lumpur and other towns, and similar increases of between 11.5 and 15.5 per cent in the prices of regular petrol, diesel, kerosene and cooking gas (LPG).

The new reference prices for these petroleum products effective from today are: regular petrol 35.30 a gallon (up from 30.50), diesel 34.30 and kerosene 34.30 (up from 31.20 and 31.00 respectively).

Cooking gas prices from today will be \$18.50 per 14.5 kg cylinder for Amer and Summit supplies (up from \$16.00), \$18.20 per 12.5 kg cylinder for Esar and BP products (up from \$16.00), and \$18.50 per 11 kg cylinder for Mobil LPG (up from \$15.50).

The price of premium petrol in Sabah and Sarawak, which has been related to 35.50 a gallon, even costs less than in Peninsular Malaysia.

According to the De-

puty Trade and Industry Minister, Datuk Low Ah Hin, who announced the new price structure in Kuala Lumpur yesterday, the slight difference in premium petrol prices between the two major halves of the country arises from the variance in octane ratings of the fuel used.

These are lower in Sabah and Sarawak because road and motoring conditions are not as developed as those of Peninsular Malaysia.

In percentage terms the price increases work out as follows: premium 15.5, regular 15.5, diesel 11.5, kerosene 11.5, and cooking gas 11.5 per cent on average.

Countering the suggestion that the absolute increase especially for premium and regular petrol, are unprecedented, Datuk Low said the increases for diesel and kerosene (amounting to 15 and 20 cents respectively) have been kept extremely low to allow for the fact that the prices of these items, through their direct and indirect effects on transport and production costs, greatly affect the livelihood and living standards of ordinary people.

Even at the increased prices, diesel and kerosene retail at a markedly lower price than those found in neighbouring countries.

Compared to \$16.00 for both diesel and petrol

in Malaysia, the prices in the other territories as given by Datuk Low stand as follows: South Thailand \$3.41, the Philippines \$3.70 and \$3.82 respectively, Singapore \$3.04 and \$3.75, Japan \$4.50 and \$4.41, and Hong Kong \$4.21 and \$3.42.

As on previous occasions, no comparable figures were given for Indonesia because, as Datuk Low said, Indonesia is a major producer and exporter of petroleum and retail prices for petroleum products there are heavily subsidised far more heavily than a relatively small producer like Malaysia can afford.

For premium and regular petrol, the comparable prices in the neighbouring regions are as follows: South Thailand \$3.50 and \$4.77 respectively, Philippines \$3.70 and \$3.82, Singapore \$3.75 and \$4.41, and Japan \$4.01 and \$4.41.

The unit cost of cooking gas in Malaysia is \$2.25, compared with \$2.70 in South Thailand, \$2.75 in the Philippines, \$2.50 in Singapore and \$2.50 in Hong Kong.

Datuk Low said that retail prices in Singapore, where market forces are allowed to prevail without state subsidies, closely reflect world oil prices.

Singapore is said to be a leading world refiner for the Pulau Rumbin oil field.

representative of world prices for "spot" or immediate delivery oil.

Judging by the latest changes, premium and regular petrol prices in Malaysia, which will mainly affect motorists, have been effectively brought in line with "realistic" international prices.

Thus regular petrol now sells at the same price in both Kuala Lumpur and Singapore, while premium petrol as well as cooking gas, although still cheaper, are priced at nearly the same levels as in Singapore.

According to Datuk Low, the new prices have been made possible through an increase in the government's subsidy or compensation to the oil companies of \$37 million a year for imported petroleum products, bringing the total public subsidy under this category to \$307 million a year.

The government agreed to waive, from Aug. 18, the 10 per cent surtax on imported LPG, a move which will cost the government around \$2.6 million a year in terms of lost revenue, Datuk Low said.

He added that taking these sums into consideration, the total cost incurred by the government by way of subsidy and compensation will increase by \$24.6 million from \$181 million to \$205.6 million a year.

1970-71 PETROLEUM SHARING JO CONTRACTS

Official version of the 1970-71 PETROLEUM SHARING JO CONTRACTS in English, 24 and 25 p.

MALAYSIANS may have to pay for petroleum at world rates by 1980 when the country becomes a net importer of oil.

At current reserves of 1.4 billion barrels and at a daily production of about 240,000 barrels, Malaysia's imports of petroleum products will outstrip exports in about five years time, according to Enock Abdul Rahim bin Haji Din of the petroleum development division of the Prime Minister's Department.

It is imperative therefore to strike a balance between taking advantage of the current high oil prices and the need to conserve a depleting resource, he said.

Malaysia may be as self-sufficient as it depends on as much as 70 to 80 per cent of its domestic requirements on West Asian crude supplies through the multi-national Shell, which has the use a percentage of the heavy products essentially for its own fleet.

Thus Malaysia's petroleum supply is geared towards the needs of the oil companies and the country's need for domestic demand.

This is all the more important because petroleum products account for as much as 40 per cent of Malaysia's total energy

consumption compared to 44 per cent in the US and 79 per cent in Japan.

Enock Abdul Rahim said this in a paper entitled *Malaysian Petroleum Politics and Plans* at an energy seminar in Kuala Lumpur yesterday.

The government sought to control the country's petroleum resources by instituting the Petroleum Development Act of 1974 and the regulations framed under it. The Act vests in the wholly government-owned petroleum corporation, Petronas, the entire rights and ownership of petroleum resources of the country whether offshore or on shore.

Petronas signed production sharing contracts with Shell, Barrow Bros. and Sabah Shell in late 1974 retaining the right to oversee the operations of the oil companies.

The oil companies are to bear all the capital expenditure required for the exploration of oil and gas. In the case of discoveries, the contractor is allowed to recover costs of a vast but exceeding 50 per cent of production for an agreed period.

After deducting its percentage share, the government or Petronas will be allowed to share the remaining 50 per cent in a 50:50 ratio between Petronas and the oil company.

The production sharing contracts also state that all equipment related to the exploration and the exploitation of petroleum resources in the area would belong to Petronas.

Initially Petronas contracted out areas for exploration and production to the oil companies but later established a subsidiary, Carigali, to develop oil fields in joint venture with foreign oil companies or on its own.

Carigali is now drilling in joint venture with foreign companies off the Sabah coast and has started drilling in a gas field off the coast of Trengganu on its own.

Downstream: Petronas is now refining and marketing oil. Its crude is being refined under contract at Port Dickson, Singapore and to a small extent in Hawaii. Some of the refined products are reimported into the domestic market to meet rising demand.

Petronas is in the process of setting up two refineries in Peninsular Malaysia to process local and foreign crude. This would reduce the country's dependence on the oil companies for the import and production of petroleum products, Enock Abdul Rahim said.

Petronas has 20,000 km² of land in Peninsular Malaysia for retaining diesel and kerosene and

made arrangements to supply diesel through Shell and Esso to meet additional needs that may arise in Sabah or Sarawak. It plans to set up retail outlets for diesel and kerosene in Bintulu, Kuching and Sibul by the end of the year.

Bunkering facilities at Port Klang and Pasir Gudang and the supply of aviation fuel at Penang and Senai Airport were taken over by Petronas in 1974. It has also started constructing the refuelling facilities at Subang International Airport to enable it to supply aviation fuel.

By 1979 Petronas had started to supply fuel oil and diesel to L.N. Majukan and other government agencies that face supply difficulties.

As for natural gas, Malaysia has a reserve of about 22 trillion standard cubic feet or the equivalent of 3.8 billion barrels. Half of the reserves, however, have been earmarked for export as LNG.

There are plans to use LNG to generate power and to reduce the country's dependence on oil. L.N. plans to set up a gas turbine power station with gas supplied from offshore Trengganu. It is envisaged that natural gas would be brought on shore to be supplied to houses and factories in future.

THE MALAYSIAN REFRAINING AND REFINING CO. (MRR)

THE MALAYSIAN REFINING AND REFINING CO. (MRR)

(MRR)

WITH Malaysia's reserves of gas almost 100 per cent of its oil reserves in BTU equivalent, liquefied natural gas (LNG) will be the key energy source to take the country over the transition from oil in the period before new forms of energy become commercially available.

Speaking at the National Conference on Energy at Kuala Lumpur yesterday, Petroleum Minister and Chief of Ministry Tan Sri Abdulah Hassan said that in agreement to its planning and development of these gas resources, Malaysia has sought the cooperation of the World Bank to advise on its utilization.

Referring to the use of gas in meeting energy needs of the country, he said that with the increasing demand for LNG and the potential for its use by the transport sector, Malaysia is planning to produce LNG from natural gas at Trengganu, Sabah and possibly even Sarawak.

The production of LNG from Trengganu and Sabah alone will add more than 10,000 tons a month to the country's existing capacity of 3,000 tons a month, he added.

This will meet the domestic consumption needs of LNG which has been 1,000 tons a month and which is expected to increase to a ton of 1,000 tons a month by 1980.

With the coming to stream of Petroleum Refin-

ing Company in 1980, an additional 2,000 tons of LNG a month will be made available.

A portion of this will be devoted to household needs and could be the "long term solution" to the problem of what he termed the "sporadic and haphazard shortages" that have plagued the country recently.

At the same time as the country becomes a net importer of crude oil in the next few years, LNG will gradually substitute kerosene consumption in the rural areas.

On the potential for the use of LNG in the transport sector, he said that its use would lower the cost of public transport after the nation's oil fields got depleted. This would help the lower income groups in the country, as well as reduce the traffic congestion and the incidence of pollution.

"By the year 2000, I envisage a new world of major transport in Malaysia driven by LNG extracted from our off-shore natural gas. By that time gas should have a much larger share of energy supply in Malaysia," he added.

He also affirmed that with the Ceylon Liquefied Gas in Malacca, permitted for export to Japan as LNG, gas from other fields in particular from offshore Trengganu, will be allowed to displace kerosene. This will also help support the government's in-

dustrialization programme.

Petronas plans to send natural gas from off-shore Trengganu by 1980 to feed the proposed LNG power station in Paba and other industries in Trengganu, thereby opening a "tremendous" opportunity for investment in the state.

At a later stage, Petronas plans to pipe the gas across the peninsula to Port Klang, Port Dickson and Johore Bahru.

Underlining the need for a careful management of the nation's oil reserves, he noted that by 1980 Malaysia will become a net importer of oil. The era of "cheap and abundant" energy is a thing of the past.

With Malaysia now both an energy exporter and energy importer, it should be concerned with the need to ensure long-term security of energy supply from external sources and the need to conserve its own energy resources.

The extent to which Malaysia can reduce its consumption of energy, he pointed out, is however limited. The country is currently consuming only four barrels of oil equivalent per annum as a per capita basis compared with 20 and 10 barrels respectively for Japan and the United States.

With the Malaysian government's projected to grow at annual rate of 10 per cent by 1980.

energy demand is expected to expand nine per cent per annum over the same period.

While in the short term this growth in demand will have to be met by oil which now supplies some 85 per cent of total energy requirements, the crucial question is how to reduce the country's traditional dependence on oil and to diversify into other indigenous sources of energy.

In the meantime, under the national petroleum policy formulated by the government, production controls have to be applied to major oil fields while development of the fields found in the future may have to be postponed.

In May, Petronas notified its contractors to adjust their production levels accordingly. As a result the average production for the whole of 1980 is estimated at 270,000 barrels per day, down from 280,000 barrels per day last year and 290,000 barrels per day from January to May this year.

For two months since the depletion policy was implemented on June 1, daily production is said to have averaged 270,000 barrels per day.

At the same time, Tan Sri Abdulah said that Petronas is gearing its exploration towards more detailed assessment of the exploration and development of petroleum resources in the country.

FINANCIAL incentives provided by the government have failed to curb the downward trend in rubber production.

Output this year is estimated to be around 2.5 million tonnes, 80,000 tonnes less than that for 1974. In 1975, it was 1.84 million tonnes.

According to Datuk Leong Kien being this trend was mainly because production in the estate sector had fallen by 100,000 tonnes in 1975 to 1.84 million tonnes from 1.94 million tonnes in 1974.

In a statement issued after a meeting with the United Nations Rubber Research Commission, he said there was a need to increase production in estate sector who rather freely allocated for estate sector in 1974, estimated to be 1.84 million tonnes in 1975.

This was because sufficient funds were not allocated to the estate sector. He said there was a need to increase production in estate sector who rather freely allocated for estate sector in 1974, estimated to be 1.84 million tonnes in 1975.

He said the government should take steps to increase production in estate sector who rather freely allocated for estate sector in 1974, estimated to be 1.84 million tonnes in 1975.

Output in Peninsular Malaysia dropped by another 8,000 tonnes, matched by a similar drop of 8,000 tonnes by estateholders, compared to the first five months of last year.

In East Malaysia, rubber production has also dropped by 8,000 tonnes during the same period this year.

These figures were cited by Datuk Leong to show the importance to rubber growers of the international natural rubber agreement on price stabilisation, which until the end of June this year had been signed by producing countries amounting for about 75 per cent of total net rubber exports in the world and also by consuming countries which together imported 85 per cent of the world's natural rubber.

Datuk Leong said the implementation of the rubber agreement would help to stabilise natural rubber prices and to ensure a steady flow of income to rubber growers in both the short and long term.

He said the agreement was aimed at ensuring a steady flow of income to rubber growers in both the short and long term.

natural rubber in future.

This would be achieved through the consolidation of existing rubber acreages through replanting, adoption of research innovations and improved agricultural practices as well as the opening up of new land for rubber cultivation.

During the next few years, about 100,000 acres of rubber would be newly planted each year, compared to the present 20,000 to 30,000 acres annually.

Datuk Leong said that apart from the conversion of about 100,000 acres of rubber into crops in recent years, another significant factor contributing to the decline in production was the shortage of labour in estates as well as in the smallholder sector.

He said the government was studying the situation closely and the appropriate measures could be taken to overcome the problem.

He reiterated that the government would take all necessary measures to ensure that the rubber industry in Malaysia remains viable and growing.

He said the government would take all necessary measures to ensure that the rubber industry in Malaysia remains viable and growing.

signed the rubber agreement are Malaysia, Indonesia, Papua New Guinea, Liberia and the Philippines.

Japan, the European Economic Community, Finland, Norway, Sweden, China, Mexico, Morocco, Canada, Australia, Peru, Czechoslovakia, Brazil, United States and the USSR are among the consumer countries that have signed the international rubber agreement.

However, by the end of June this year, only two countries, Malaysia and Japan had ratified the agreement, while the United States was in the process of completing its ratification formalities.

The International Rubber Agreement will come into force by Oct 1, this year only if 80 per cent of the net exports or an amount of 80 per cent of the net imports have deposited their instruments of ratification, or signature, approval or accession or have assumed financial commitments to the agreement.

However, if this is not possible, the agreement shall come into force provisionally by that date provided three governments which amount for at least 15 per cent of net exports and 15 per cent of net imports do so.

BANK NEGARA REPORT ON FIRST QUARTER

KUALA LUMPUR BUSINESS TIMES IN ENGLISH 20 And 21 of 1, 70

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THE strong expansion of the Malaysian economy in the first quarter of this year was stimulated largely by a healthy increase in domestic demand, and to a lesser extent by the continuation of a high level of export earnings.

This is in contrast to the pattern in 1979 when the main thrust to economic growth came from a buoyant export sector, says Bank Negara in a summary accompanying its latest quarterly economic bulletin reviewing the months from March to June.

According to the bank, strong domestic demand was evident in the sharp increase in the sales of passenger cars which rose by 63.9 per cent over

the year ago figure.

The strong increase in private consumption expenditure reflected largely the delayed impact of the higher export revenue earned last year, while the growth in private investment expenditure was in response to domestic demand.

Bank Negara said the Business Expectations Survey conducted earlier showed that firms expected to increase their capital expenditure in the first half of 1980 by 10 per cent over the corresponding period last year, and by 21 per cent over the preceding six months.

While the strong private sector demand can be expected to con-

tinue for a large part of the year, with boosts coming from the salary increases awarded to the public sector, the latter's expansionary influence would be offset somewhat by the adverse effect on some of Malaysia's key agricultural products and manufactured exports of the international economic slowdown.

Yet despite more cautious business sentiments in the remaining half of the year, Bank Negara is optimistic that its earlier forecast of a seven per cent growth in gross domestic product in real terms would probably have to be revised "upwards" in the course of the year.

On the export front, in-

creased revenue came largely from higher export prices which accelerated in the first three months of this year. This was achieved despite high overseas interest rates and the sharp drop in car production plus the depressed state of housing starts in the United States.

According to Bank Negara, prices of industrial primary commodities rose following active strategic purchases and strong speculative buying which resulted from growing world political tension and some loss of confidence in paper currencies in the wake of accelerating in-

flation and oil price increases.

Pointing to the severe recession in the United States and the United Kingdom the slowdown in output growth in Western European countries and decline in housing starts in Japan, Bank Negara cautioned that these spell the possibility of a fall-off in overseas demand and weakened export prices in the rest of the year.

These developments, coupled with the generally better supply for vegetable oils, could dampen prices and demand for palm oil and timber for the rest of the year, warned Bank Negara.

However, despite such retarding influences, the export sector could be expected to expand at a moderate pace to continue its supportive role in the Malaysian economy, based on possibly strong prices for rubber and oil high prices of petroleum, prices and healthy exports of manufactured goods.

Following the domestic scene Bank Negara said output growth remained strong in the manufacturing, construction, services and mining sectors while output in the agriculture

sector slowed as a result of the lower production of rubber and saw logs.

In the manufacturing sector, top performing industries were the machinery and electrical appliances industries. In the services sector, output was buoyed by strong consumer spending and in the mining sector higher output of crude petroleum spurred growth.

The consumer price index accelerated in the first quarter of the year to an average annual rate of 8.4 per cent for Peninsular Malaysia, compared with 7.6 per cent in the previous corresponding period. The index accelerated from 7.6 per cent to 8.5 per cent in Sabah and to 7.4 per cent in Sarawak.

Bank Negara also warned that the acceleration of domestic prices "at a time when domestic demand is picking up strongly would need to be watched closely particularly as there was also a significant expansion in money supply."

In the period reviewed money supply rose by 8.1 per cent against the year ago figure of 3.2 per cent. On an annual basis, the growth in money supply accelerated from 3.2 per

cent at the end of 1979 to 10.4 per cent at the end of March this year.

This growth in money supply, pointed Bank Negara, came primarily from the financial operations of the government and the external sector.

Although bank lending to the private sector rose by 4.7 per cent during this quarter against 3.4 per cent in the corresponding quarter of 1979, the expansionary stimulus was countered by the faster growth in savings and fixed deposits of the private sector which rose by 11.1 per cent.

Reflecting the strong expansion in domestic demand, imports registered an annual growth of about 44 per cent. Despite this sharp increase the balance of trade still registered a large surplus of \$1,960 million against \$1,061 million in the same period last year.

While the net official reserves of the country declined by \$294.8 million, this decrease was compensated by an improved net foreign asset position of commercial banks so that net external reserves rose by \$465 million to reach \$9,676.8 million at the end of March 1980.

INTEREST IN INDOONESIAN RURAL HEALTH SYSTEM

KUALA LUMPUR: MALAYSIAN TIMES IN KUALA LUMPUR 27 AUG 1971

THE

MALAYSIA may adopt Indonesia's health centre Puskemas system which reaches out to rural areas because the system requires a small number of doctors. Malaysian Health Minister Tan Sri Chung Hui Nyan said yesterday in Jakarta.

The Minister said that because Malaysia lacked the system, patients with minor illnesses crowded the hospitals.

He said that hospitals in Malaysia would attend only patients with serious illnesses when the Puskemas system was adopted.

He said Malaysian medical facilities could only produce 50 doctors a year and it had used Indonesian doctors to solve the problem of doctor shortage.

At the moment one doctor in Malaysia served 4,500 patients and he wanted to bring that figure down to one doctor for every 100 patients.

The use of Indonesian doctors who worked up for contract for three or

five years was part of the efforts to solve the shortage.

Several Malaysian students also attend courses in medicine at Indonesian universities.

The Malaysian Health Minister, who is now in Bali, visited several Puskemas in Java during his visit.

He will return to Malaysia today.

In Penang, Director General of Health, Tan Sri Dr R.P. Pillay disclosed plans to set up cottage hospitals to upgrade the health and medical services in the rural areas.

The 60 such hospitals to be set up would have their own doctors, operation theatres and delivery rooms. They would be set up at the existing main health centres, which now provided only outpatient facilities.

However, the plan was subject to approval by Federal agencies, including the Treasury and the Public Services Department.

Tan Sri Dr Pillay said the Ministry of Health was at present, more interested in providing quality care services to the people so that those in the rural areas need not have to go all the way to the district hospitals to deliver babies or undergo minor operations.

Such services could be provided by cottage hospitals and doctors serving there could also enjoy job satisfaction instead of just distributing pills or giving outpatient treatment.

Tan Sri Dr Pillay said that he would recommend to the government to implement "health cards" services for pre-school children throughout the country.

Under the system, all children would be provided with "health cards" which would show records of their illnesses and inoculations and copies would be kept by their parents and schools.

Tan Sri Pillay hoped that the government, in particular the Ministry

of Education, would agree with such a system which was aimed at improving the health of the children.

On the shortage of specialists, he said the Ministry of Health would recruit only the much needed specialists from overseas to serve the public on a contract basis.

Earlier when speaking at the certificate presentation ceremony at the nursing training school in Penang, Tan Sri Pillay said the shortage of nurses a few years ago had been gradually overcome by the government.

However, the basic nursing curriculum should be reviewed so that more post-basic courses could be provided in all the four training schools in the country.

At present, only the Kuala Lumpur nursing training school provided such courses to allow staff nurses to specialise in certain branches. — Bernama

TWELVE PATROL BOATS BEING BUILT FOR MARINE POLICE

Kuala Lumpur BUSINESS TIMES in English 17 Aug 80 p 3

[Cont]

THE government is beefing up the marine police with another 12 fast patrol craft costing \$221 million to tighten security in view of the extension of the maritime limit and other developments in the area.

Home Affairs Minister Tan Sri Ghazali Shafie said yesterday the boats were under construction at a local shipyard and they were expected to be ready by the end of next year.

The first of the PZ series of patrol craft, the largest to be delivered to the marine police so far, rolled off the Hong Leong Lurssen Shipyard in Butterworth yesterday.

The vessel, christened *Long Nilam*, was launched by Tan Sri Ghazali's wife, Puan Khatijah, at a grand ceremony which was attended by several VIPs including the Inspector General of Police, Tan Sri Mohd Haniff Omar and Chief Minister Dr Lim Chong Ee.

Tan Sri Ghazali said the new fleet of vessels would enable the marine

police to patrol and guard more effectively Malaysian coastal waters.

"They would be aided by the four reconnaissance aircraft of the police air unit, which had been formed recently for this purpose," he added.

The launching of the PZ series of patrol craft, he said, would also enable Malaysia to further contribute to its bilateral security arrangements with Indonesia and Thailand.

"What should be done now is to further improve our level of cooperation with these two countries so that we can act as one team against any problem that may arise," Tan Sri Ghazali said.

The chairman of Hong Leong Lurssen, Mr G Lurssen, thanked the government for the contract to build the PZ patrol craft.

"The building of this highly sophisticated craft here will definitely boost the transfer of technology to Malaysia and add valuable experience to the local shipbuilding industry," he said.

GOVERNMENT STATEMENT 'LET PRESS FUNCTION INDEPENDENTLY' QUESTIONED

KATHMANDU THE POSTTRIBUNE In English 1 Sep 80 p 3

(Original: 'Private Press')

The Minister of State for Communications replying to RP member at the RP Finance Committee has made certain remarks about Nepali press, which besides being vague are also misleading. His statement that the assistance being given to nationalist newspapers is not adequate and needs amplification. For this he should spell out in unequivocal terms which of the newspapers are nationalist and which antinational. He also should give an explanation about the kind of assistance being given to the nationalist press.

The second part of the statement that HMC is seriously thinking to let the newspapers function independently and that the newspapers have not been able to develop themselves have aroused mixed reactions in the country that it is difficult to understand what the Government really means by promising to let newspapers function independently. As far as private and local newspapers are concerned, they are by and large, functioning independently. But if the Government means to let the twin dailies owned by the State independently and without any patronage now gives to them, we should very much welcome the idea.

One may think that we would like the Government to do is that newspapers of the private sector should be given a fair chance of competition. The unequal and discriminatory treatment on the part of the Government is in fact the main reason which has stunted the growth of the private press. The Government should be blamed for it except the Government. Yet the fact remains that the private press which is working on the margin of survival is still left with no room to put in its path by the Government.

NEPAL

BRIEFS

MEMO 11 AMBASSADOR ARRIVES--Kathmandu, Sept. 6--Ambassador-Designate of Burma to Nepal, Dr Khin Maung Win arrived here this afternoon reports RSS. Dr Khin Maung Win was received at the Tribhuvan International Airport by the joint military secretary to His Majesty the King and the chief of protocol. [text] [Kathmandu THE RISING NEPAL in English 7 Sep 80 p 1]

MEMO 10 MALAYSIA NAMED--Kathmandu, Aug. 29--His Majesty the King has temporarily accredited Royal Nepalese Ambassador to Burma Khadgajit Gurung to Malaysia, reports RSS. This is stated in a notice issued here today by the Principal Press Secretariat of His Majesty the King. [text] [Kathmandu THE RISING NEPAL in English 29 Aug 80 p 1]

MEMO 10 MALAYSIA

THE NEW YORK TIMES

SEPTEMBER 2, 1979

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WHEN the revolutionary government under the leadership of Ayatollah Khomeini assumed power in Iran, the government, people and the national Press of Pakistan jubilantly welcomed the change. It was ardently hoped that in view of the resurgence of Islam in this country, and the untiring efforts being made by the present regime to give an Islamic orientation to the national polity, closer relations would be forged between the two Muslim States. The present regime in Iran could not be oblivious of the crucial role being played by Islamabad in promoting the cause of the Muslim world in international forums and its unremitting opposition to Imperialism and the Zionism. It is, therefore, a manifest travesty of justice on the part of Iran to have recently permitted its radio to make totally false allegations about Islamabad's new moves in this region. The Teheran radio is obviously sowing the seeds of discord between friendly Muslim countries and destroying long-standing and cordial relationships. This exercise can lead to disastrous consequences.

The adverse propaganda being carried by Teheran Radio against Pakistan which has assumed a virulent form. The latest in this series of slander came on the air in an Urdu news broadcast on September 2. It was in the form of a statement said to have been issued by the 'Jehad-e-Inqilab-e-Islami, Pakistan'. The fact that the vituperative language of the so-called statement was ascribed to a nondescript organisation does not however absolve the government of Iran from responsibility for the breach of elementary norms of protocol. The Teheran radio is said to be controlled by radicals of the Tudeh Party and the communist government of that country could not have been unaware of the proclivities of the elements operating that sensitive medium of the State. As such, one is regretfully constrained to believe that Teheran has connived at the attempt to malign Pakistan and Saudi Arabia and to incite anti-Pakistani sentiments to rise against their respective regimes.

Taking the cue from Teheran, Radio Kabul has also come forward to fish in troubled waters. Quoting a Tass report, it said, on Sunday, that counter-revolutionary elements enter Iran from Peshawar and that the Pakistan Government was providing financial assistance to spies in Iran. These unabashed and obnoxious lies will perhaps continue to be repeated *ad nauseam* in the tradition of Goebbels to mislead the gullible, but truth and only truth will ultimately triumph. We are sure the revolutionary government of Iran will see through Kabul's game.

NEW AGRICULTURAL POLICY'S EFFECT EXAMINED

Pakistani ECONOMIC REVIEW in English Mar 80 pp 40-42, 7

[Article by Muhammad Ishaque Abbasi, staff economist, Research and Statistics Wing, National Bank of Pakistan: "Impact of New Agricultural Policy on Farm Economy and Consumer Prices"]

[Text]

In a developing country like Pakistan where land and the people are the major source available for development, the government has to play a vital role in the development of agriculture through fiscal incentives and support prices etc. Such measures in Pakistan have been introduced through various agricultural policies from time to time. As a matter of fact these measures are some of the most effective tools to improve the efficiency of the rural sector, but if it is not administered carefully it may lead to wasteful use of scarce resources and general abuse.

The available statistics indicate that despite heavy weightage on agriculture its growth in the country has always been below the desired levels. Such a condition has been the outcome of low production, small incomes, marginal savings and nominal investment which, in turn, yields low production. As a result, we have not yet been able to meet even our food requirements. It is, however, obvious that the recurring natural hazards and human errors have restricted the growth which can only be improved with concerted efforts of both the public and private sectors. In the past years such efforts have been made and a gradual improvement is also witnessed in the resource-use and productivity. As for example, the achievements realised during 1970-71 to 1978-79 have been as follows:—

A. RESOURCE USE:

— Better Seed Distribution	...	...	17.50%
— Fertilizer Consumption	...	...	13.43%
— Water Availability	...	...	2.64%
— Plant Protection Measures	...	...	17.95%
— Number of Tractors	...	...	19.94%
— Number of Tubewells	...	...	7.83%

B. PRODUCTIVITY

Wheat				3.88%
Rice				3.71%
Bajra	...	...	...	1.62%
Maize	...	...	...	2.11%
Barley	...	...	...	2.27%
Total Foodgrains	...	...	...	3.42%
Sugarcane	...	...	...	1.26%
Cotton	...	...	...	0.01%

It may be mentioned here that production of cash crops has exhibited an erratic trend. During the period under review the production of cotton declined six times followed by sugarcane and tobacco which dropped in four years.

In view of an unimpressive growth during the past years, various policies were evolved with a common goal to maximise the output through better supply of credit and inputs, subsidising the production cost and implementing support prices. Although these measures supported the farming community to some extent, yet it enhanced the financial burden on the exchequer. Recently the government has announced another agricultural policy which deals with both the social and economic aspects of our rural life. The most effective measures which directly relate to the farmer's economics include (i) reduction of subsidy on fertilizer thereby increasing the local prices, (ii) withdrawal of subsidy on plant protection and the free aerial spraying service, (iii) revision of sugarcane support price and assurance of remunerative prices for other agricultural products.

SUBSIDY ON FERTILIZER

The necessity of inputs like fertilizer, pesticides and mechanisation which arose with the passage of time can hardly be over-emphasized. Initially the farmers were hesitant but the experience of some attracted many and, therefore, the number of fertilizer consuming farmers and the quantity per unit area has continued to increase. Despite an increase in the average dose of fertilizer per cropped hectare from 20 nutrient pounds in 1971-72 to 96 nutrient pounds in 1978-79, its consumption is still low compared to some advanced countries.

Since domestic production of fertilizer is just 45% of the requirement, the country has to import large amounts of various fertilizers every year. The trend in the import of fertilizer during the last nine years has been as under:—

Table I indicates that the import of fertilizer during the last nine years has averagely increased by about 31.44 per cent annually. In terms of value the figures indicate a rise of 95.81 per cent. It may be mentioned here that the domestic production of fertilizer during the same

percentage increased by about 13 per cent. It is also evident from Table 1 that the unit value of imported fertilizer has risen sharply from Rs. 580.29 a metric ton in 1970-71 to Rs. 1419.02 in 1973-74 and to Rs. 1769.69 in 1978-79. On an average these prices have been increasing by about 38 per cent annually.

TABLE 1
FERTILIZER IMPORTS IN PAKISTAN

Years	Quantity (000 MT)	Annual Change %	Value (Rs./ Million)	Annual Change %
1970-71	306	—	177.6	—
1971-72	159	- 48.04	52.8	- 70.27
1972-73	355	+ 123.27	389.9	+ 638.45
1973-74	631	+ 77.75	895.4	+ 129.65
1974-75	370	- 41.36	1022.0	+ 14.14
1975-76	380	+ 2.70	958.4	- 45.36
1976-77	395	+ 3.95	623.5	- 11.66
1977-78	604	+ 52.91	1047.9	+ 68.07
1978-79	1279	+ 111.75	2263.3	+ 115.98

Realising the economic conditions of our farmers, the government introduced subsidy on fertilizers to avoid the pressure of its rising import prices on the farmer's budget. This position, however, put the government under pressure as the burden on the exchequer rose progressively to Rs. 975 million in 1978-79 as against Rs. 103 million in 1972-73. In view of this situation it was decided in the new policy to reduce the proportion of subsidy and to increase the local prices of fertilizer. The available statistics reveal that since 1961-62 the prices of fertilizer have been changed several times and some times it has been changed thrice a year. The average change so far has been 12 per cent in case of DAP and N/Phos, followed by 16 per cent in AS and 13 per cent in urea. As for the recent price change, the prices of N/Phos have been increased by 65 per cent, followed by DAP (49%), urea (48%) and AS (45%).

With the increase in prices of fertilizers there is little chance of decline in its consumption as the farmers by now have recognised the necessity of such modern inputs in promoting the farm production. Further the government has also assured better support prices. It is, however, notable that the better support price is a post harvest phenomena whereas farmers have to afford the increasing cost of production from their meagre resources before drawing the advantage of reasonable prices. At this stage it also appears to be necessary that no more burden should be placed on the farmers' budget in near future.

PLANT PROTECTION

Due to recurring infestation, heavy crop losses, on the one hand, reduce the farmers' initiative and, on the other hand, affects the overall economy. As for example, cotton which had been the single largest exchange earner came down to secondary position as its production declined continuously for five years from 1972-73 to 1976-77 and we have yet to achieve a production of 700 thousand tonnes which was harvested in 1971-72. In order to save our crops efforts have always been made to popularise the use of plant protection measures. The gradual improvement in plant protection is depicted by the fact that initially only 18 tons of pesticides at the cost of Rs. 23,000/- were imported in 1960-61 which by now have increased manifold.

Though the plant protection measures have been appreciated by the farming community during the past years, yet the coverage is still insignificant. The average increase in the area sprayed during 1970-71 to 1977-78 has been just 3.46 per cent per annum.

The following table exhibits the annual coverage as well as the percentages of area covered under plant protection:

TABLE II
AREA COVERED UNDER PLANT PROTECTION
(Area in 000/H.A.)

Year	Area sown	Area sprayed	Area sprayed as % of area sown.
1970-71	16,620	255	1.53
1971-72	16,596	404	2.43
1972-73	16,930	404	2.39
1973-74	18,280	640	3.50
1974-75	17,330	714	4.12
1975-76	18,020	856	4.75
1976-77	18,210	976	5.36
1977-78	18,400	639	3.58

To popularise the plant protection measures, the government had subsidised the cost of pesticides and free aerial spraying service was also extended to the farmers. But it was realised that these measures were benefiting the big farmers more who themselves can afford the protection cost. It was also noticed that the present system of procurement and distribution of pesticides did not suit the small farmers. Hence the government has now decided to withdraw both the

subsidy as well as free aerial spraying service and the whole operation has also been shifted to the private sector.

Though the private sector can play a positive role in educating the farmers and popularising the plant protection measures, yet it is to be assured that the frustration among the farmers will not be developed by creating a monopolistic attitude. It is too early to assess that if the import prices maintain a rising trend what will be the response of the farming community.

SUGARCANE SUPPORT PRICE

Another distinguishing feature of the new policy is the revision of sugarcane prices. There was a pressing demand by the farmers to enhance the sugarcane support price in view of their nominal profit margin. Moreover, the revision of the support prices for the other commodities have also declined the comparative rate of profitability in sugarcane production. According to the cost of production, estimates for average leading farmers in Punjab the per rupee turnover from sugarcane production in 1978-79 was only Rs. 0.09 as against Rs. 0.77 in cotton, Rs. 0.33 in wheat and Rs. 0.31 in Basmati paddy. It may, however, be mentioned here that this lowest turnover in sugarcane was at a per acre production of 550 maunds which is about 37 per cent more than the average yield in Pakistan.

Sugarcane prices after remaining unchanged for four years were revised in last November by Rs. 1.25. Realising that it needs further upward revision, the prices in the new policy have been enhanced by over 25 per cent. The per cent change in prices is shown in Table-III.

TABLE III
SUGARCANE PRICES IN PAKISTAN

Provinces	Pre-November Prices	New Prices	Per cent Change
Punjab	Rs. 5.75	Rs. 9.00	56.52
Sind	Rs. 5.50	Rs. 9.15	55.08
N.W.F.P.	Rs. 5.50	Rs. 8.75	59.09

While the prices in last November were improved by about 28 per cent in Punjab and Sind and by 30 per cent in N.W.F.P. over the November prices. With the increase in prices, it is expected that the sugarcane growers will respond positively and shall attempt to increase the area which has dropped by over 8 per cent last year. The new policy also assures better prices for the other commodities well in time to enable the farmers to prepare their cultivation plans.

LIKELY IMPACT

In view of the decisions taken in the new policy regarding inputs, the cost of production of various commodities will increase with varying degrees in accordance with the nature and requirements of the crop. The estimated impact of increased cost of fertilization and plant protection is shown below:—

TABLE IV
COST OF FERTILIZER AND PLANT PROTECTION
IN MAJOR CROPS.

Crops	Cost of Fertilizer		
	1978-79 Rs.	Rs. Increase under new policy	% Increase
Wheat	137.00	200.00	45.99
Rice:			
(i) Basmati	110.50	149.50	35.29
(ii) Iri.	147.00	200.00	36.05
Cotton	110.50	149.50	35.29
Sugarcane	216.00	294.00	36.11

Cost of Plant Protection

1978-79 Rs.	Rs. Increase under new policy	% Increase
95.63	152.00	58.95
50.63	82.00	61.95
150.00	240.00	60.00
90.00	140.00	55.56

The above figures reveal that the increase in the cost of fertilizer in the major crops will be in a range of 35 per cent and 46 per cent whereas plant protection will be ranging between 55 per cent and 62 per cent. As a matter of fact an increase may be absorbed by the big farmers having greater choices and resources. But for small farmers, an increase in cost bears a different meaning. Since majority of our farmers are of small means and economically are not in a position to meet the increasing cost from their own resources, the following conditions may prevail:—

- (i) The farmers may ask for an upward revision in their credit ceiling from institutional sources.
- (ii) If the credit ceiling is not enhanced, these farmers may involve themselves in drawing loans from non-institutional sources which would further affect their socio-economic conditions. Here it

may be mentioned that institutional credit is just 14 per cent of the gross credit requirements

- (iii) The farmers may think to reduce the quantum of these inputs (fertilizer and pesticides etc.) in view of their limited budget. If it happens the productivity per unit area will be affected, which is already far behind the yields in other countries

TABLE IV
CHANGES IN INPUT-OUTPUT AND CONSUMER PRICES

(In Rupees)

	1969-70	1978-79	% CHANGE
INPUTS			
Fertilizer/Bag			
(i) Urea	28.50	63.00	121.05
(ii) DAP	28.00	67.00	139.29
OUTPUT			
(Support Price/Maund)			
Wheat	17.00	45.00	164.71
Rice Basmati (Av. Quality)	35.00	95.00	171.43
Sugarcane*	2.80	5.75	105.36
Cotton*	40.85	136.67	234.57
Consumer Prices/Maund			
Wheat	20.40	60.09	194.56
Rice, Basmati (Av. Quality)	33.60	165.72	393.21
Sugar	70.00	160.49	129.27
Vegetable Ghee	87.11	386.39	343.57

*Average Prices.

For Consumer Price in 1978-79, average/prices for June 1979 are given.

In view of the recent upward revision of farm inputs and output prices, there will be an increase in the consumer prices which has already moved up fairly high during the past years. As for example, the consumer price index (202 items) increased to 308.36 over the base period of 1969-70. Similarly the price index (1969-70 = 100) for employees earning upto Rs. 300/- increased to 303.75 in January 1980. The following table indicates the changes in the input-output and consumer prices.

The above figures point out the increasing load on the household budget. On an average during the last nine years, prices of rice registered an increase of 44 per cent annually, followed by vegetable ghee (38%), wheat (22%) and sugar (14%). Similar trend has been noticed in other necessary household items.

In view of the assurance of higher support prices for agricultural commodities it is obvious that the consumer prices will still go high if not subsidised. Since the per capita income in Pakistan is low, the diet of persons belonging to low income groups is chiefly composed of

starchy food with a meagre proportion of rich food items and this proportion is much less in quantity than actually required or recommended for human body.

A review of the new agricultural policy, however, reveals that due emphasis is being paid to the agricultural sector and it is hoped that these measures will help much in uprooting the socio-economic drawbacks in our rural life. It is believed that the government is familiar with the problems arising from the inflationary trend and is capable enough to tackle the situation.

C801 4220

FINANCIAL AID GIVEN TO BALUCHIS

Karachi DAWN in English 10 Sep 80 pp 1, 8

[Text] Quetta, Sept 9: Normalisation and rehabilitation process, initiated in Baluchistan by the present Government, moved up further when the provincial Governor, Lieut-Gen Rahimuddin Khan distributed financial assistance among the affectees of disturbed conditions which dominated the province during 1973-77 at a special jirga convened for the purpose at Kalat, about 90 miles from here, this morning.

A similar assistance was provided a few days back by the Governor at a special tribal jirga held at Kohlu, headquarters of Marri-Bugti Agency of Sibi Division.

Governor Lieut-Gen Rahmuddin Khan distributed about Rs 18 lakh among 102 claimants belonging to the districts of Kalat, Khuzdar and Lasbela, who were affected during traumatic events of 1973-77 at Kalat Tribal Jirga which was also attended by local Councillors.

The provincial Governor while addressing the Jirga said that the Government was anxious to see that those who were affected by the unfortunate incidents which took place during the disturbed period in the province should stand up on their feet and play their role in nation-building activities.

He said that a few days back he had distributed financial assistance for rehabilitation of affectees in Marri area. In fact, he added, it was part of fulfillment of the promises made by President General Mohammad Zia-ul-Haq to the people who were affected during the previous regime in Baluchistan.

Amity, Goodwill

He said that the present Government soon after coming in power paid attention towards improving the situation and the President announced necessary steps for normalisation in the province. The situation, he added, had now changed and an atmosphere of amity and goodwill was prevailing.

Lieut-Gen Rahimuddin Khan told his audience that it was high time that the bitter past should be buried and the people should engage themselves in normal activities of life. The present government, he pointed out, had only one objective and that was service, development and welfare of the people.

The Baluchistan Governor said that he was happy to note that the affectees of this area had returned to their homes and were anxious to participate in the nation-building activities. He said that it was for the people themselves to play their role in development of the area. He assured the people that so far as the government was concerned it would fulfill its responsibility and said that the people should equally participate in its endeavours.

Referring to the points raised in the address of welcome presented on behalf of the people of three districts, the Governor said that the Government was fully alive to their problems and was determined to solve them.

He said that development was a gradual process and its pace depended largely on resources of a particular country. Priorities, he told his audience, had been fixed in accordance with their basic needs.

People Cautioned

APP adds: The Governor cautioned that the people should be vigilant to foil any attempt to achieve ulterior motives by misinterpretation of the Government's honest and sincere efforts by vested interests. He declared that in this connection the Government would fulfill its responsibilities.

About power supply the Governor said another 64 villages in the province would be electrified this year at a cost of about Rs 16 million.

Earlier, the representative Jirga reaffirmed determination of the tribesmen of Kalat division to make supreme sacrifice for the defence, sovereignty and unity of the country. It also appreciated financial assistance given to the affectees.

The Jirga further praised President General Mohammad Zia-ul-Haq for his determined efforts to Islamise the society. It assured the present Government of whole hearted tribal support for the successful implementation of Islamic laws in the country so that people could fashion their lives on Islamic principles.

Replying to the points raised in an address of welcome presented to him by the representative tribal Jirga Lieut-Gen Rahimuddin Khan said that the Federal Government has given Baluchistan special grant of Rs 50 million for construction of Wadh-Kannar section of the RCD Highway passing through the province. Baluchistan will get another Rs 50 million

from the Federal Government next fiscal year for completion of this section, which will cost a total amount of Rs 100 million.

He said the Federal Government has also sanctioned special grant of Rs 10 million for construction of Perali bridge in Kalat division to provide better travelling facilities. Another Rs 2 million, have been sanctioned for the construction of Khuzdar-Shahdadt Kot road.

The Governor said work on Cadet College at Mastung and Engineering College at Khuzdar would begin soon, as preliminary work for these projects has already been completed.

CSD: 4220

RUBBER TIRE, TUBE INDUSTRY DETAILED

Karachi ECONOMIC REVIEW in English Mar 80 pp 8-17

[Excerpts]

PROSPECTS OF MANUFACTURING RAW MATERIALS LOCALLY

There is little chance of natural rubber being grown in the country. None of the synthetic rubbers are manufactured locally. With increased demand and careful planning it may be possible to produce some types of synthetic rubber. A carbon black project is being set up in the public sector. This will meet the entire demand of rubber industry for carbon black and will also leave considerable quantities for export. Inorganic fillers and pigments are also likely to be developed because raw materials for many of them exist in the country. Locally produced steel wire and cloth is already being used by a few of the cycle tyre manufacturers while others prefer imported materials. There appears a general lack of willingness on the part of entrepreneurs to develop technology by way of substitution of imported raw materials. There is also a possibility of reclamation of rubber. This matter needs to be suitably explored.

MOTOR TYRES AND TUBES

Major sub-sectors of the rubber products industry are as under: -

- (a) Motor-car, bus, truck and tractor and tubes.
- (b) Motor-cycle/scooter tyres and tubes.
- (c) Cycle tyres and tubes.

Industries under this sub-sector are mostly based on imported raw materials and machinery.

Bus, truck, tractor and car tyres and tubes industry constitutes about 70% of the rubber industry in Pakistan by way of utilization of raw materials and value of products. Bicycle and scooter tyres and tubes industry constitute about 20% and miscellaneous rubber products the remaining 10%.

PROFILE OF RUBBER TYRES AND TUBES INDUSTRY 1979

Units Manufacturing	
Tyres and Tubes for:	
Motor buses, trucks etc.	2
Motor cycles and Scooters	2
Bicycles	15
Production of Motor Tyres (000)	165
Production of Motor Tubes (000)	197
Production of Bicycle Tyres (000)	3096
Production of Bicycle Tubes (000)	4332
Projected Demand in 1983 for:	
(a) Motor Tyres and Tubes (million)	1.817
(b) Motor Cycles/Scooters (million)	1.436
tyres and tubes.	
(c) Bicycle Tyres (million)	7.63
Bicycle Tubes (million)	11.44
IMPORTS—1978-79 (Rs. million)	
(a) Motor Tyre & Tubes	215.47
(b) Motor Cycle Tubes	6.16
(c) Bicycle tyres and tubes	0.82
Investment envisaged (Rs. million)	1245
Investment sanctioned	2869
Revenue from Excise & Customs Duty	290
(Rs. million)	

INSTALLED CAPACITY

At present there is only one unit, namely, General Tyres and Rubber Company (Pakistan) Limited, Karachi, producing motor car, bus and truck tyres and tubes. Their present sanctioned capacity is 240,000 sets per annum. They will expand their production capacity to 600,000 sets per annum. In addition, they will manufacture 12,515 sets under Pay-As-You-Earn Scheme, for export only. Their expansion Plan has been recommended to Islamic Development Bank for arranging the finance. The project is under scrutiny and the company is making all out efforts to complete their project within 1982-83.

It will be seen from Table III that indigenous production of tyres and tubes presents a dismal picture. Starting with three units in 1968-69, only one unit was added in 1969-70, while the number of units reduced to 2 by 1975. In 1978-79 only two units were operating with production of 165,000 motor tyres and 197,000 motor tubes. The Government at times encouraged the local industry to increase production. In 1973 the import of tyres was placed on barter and upto the end of 1975/76 tyres were on the tied list of the import policy. The result

was that production increased to 249,000 tyres in 1973-74, however it again came down in 1976-77 when imports were allowed on free list. A peculiar situation also developed when tyres and tubes imports were put on free list. This was unrestricted imports under fictitious name. Thus imports since 1974-75 increased to the extent of 728 per cent. Low production was also attributed to the obsolescence and lack of modernisation in the industry.

Annual production of motor tyres and tubes for the period 1968-69 to 1978-79 is given in Table—III.

TABLE—III

PRODUCTION OF MOTOR TYRES AND TUBES
(000 Nos)

Year	No. of Factories.	Motor Tyres Production.	Motor Tubes Production.
1968-69	3	12	28
1969-70	4	109	115
1970-71	4	115	126
1971-72	4	100	85
1972-73	4	162	162
1973-74	4	249	177
1974-75	4	239	214
1975-76	2	166	143
1976-77	1	148	137
1977-78	2	182	159
1978-79	2	165	197

Source: (i) Statistics Division

(ii) Pakistan Statistical Year Book—1978

The retreading capacity in the country is about 1 lac tyres per annum. However, some of the plants are out of operation while others are in partial production.

IMPORT OF MOTOR TYRES AND TUBES

A sizeable number of tyres are being smuggled into the country. It is estimated that 75 to 90 per cent of tyres ostensibly meant for Afghanistan were smuggled into Pakistan. On the basis of estimates provided by the trade the inflow of tyres imported into the country by smuggling has been estimated to be 300,000 tyres per annum.

Upto the end of 1974-75, tyres were on the tied list of the import policy and their import was not allowed on the free list. For this reason estimated demand has been based on average imports during 1975-76 and 1976-77.

Under the import policy, import of sizes being manufactured by General Tyre and Rubber Company is not allowed. However, the restoration is ineffective as the import of equivalent sizes is permitted. This is borne

out by the sizeable number of tyres which are being legally imported into Pakistan. The import of motor tyres and tubes for the last four years is being given in Table-V

TABLE—VII
DEMAND OF TYRES AND TUBES IN 1979

	No. of Sets
Average Imports GRR during 1978-79	6,56,000
Average Production of GRR during 1979	200,000
Retrading capacity in operation	50,000
Imports through smuggling	300,000
DEMAND FOR 1979	1,206,000

The demand upto 1983, at the growth rate of 13% per annum is estimated as under:

TABLE—IX
PROJECTED DEMAND OF TYRES AND TUBES—1983

Year	No. of Sets
1979	1,206,000
1980	1,362,750
1981	1,499,897
1982	1,595,880
1983	1,803,312

HIGHLIGHTS

- A total investment of Rs. 1245 million has been envisaged in the Industrial Investment Schedule. This includes Rs. 610 million in foreign exchange. However, the Government has already sanctioned projects for Rs. 2869 million including foreign exchange of Rs. 1514 million.
- A unit has recently been sanctioned to be set up at Peshawar to manufacture 650,000 tyres and tubes for motor cars, buses and vehicles. Another unit of the same capacity is likely to be set up at Lasbela.
- The Government revenue through excise duty on tyres and tubes is estimated at Rs. 10 million while from customs at Rs. 280 million in 1979-80.

The indigenous tyres and tubes industry has been faced with a number of problems. Major problems among them is smuggling, lack of standardisation, total dependence on imports for raw material, obsolescence and unutilised installed capacity.

These problems need to be tackled at an appropriate level by the Government so that the industry may have congenial conditions for its growth.

HIGHLIGHTS

- There is only one plant for production of tyres and tubes for cars and heavy vehicles, while units manufacturing bicycle tyres and tubes are 15 and units manufacturing motor cycle and scooter tyres and tubes are 2.*
- Estimated demand for various tyres and tubes in 1978 was 986,660 for motor cars, buses, trucks and tractors, 5.53 million tyres and 5.69 million tubes for bicycles and 850,000 tyres and 1.105 million tubes for motor cycles and scooters.*
- The demand is projected to increase by 1983 to 1.817 million tyres and tubes for motor cars, buses, trucks and tractors, 7.63 million tyres and 11.44 million tubes for bicycles and 1.436 million tyres and 1.867 million tubes for two and three wheelers.*
- A total investment of Rs. 1245 million including Rs. 610 million in foreign currency has been envisaged in the Investment Schedule for the private sector. Public sector is not likely to invest in this field.*

POPULATION DENSITY IN SIND TO TRIPLE

Islamabad THE MUSLIM in English 6 Sep 80 p 6

[Text] Karachi, Sept 5: Population density in Sind has been projected to swell up to 958 persons per square mile at the end of this century against existing density of 378 persons per square mile.

A study conducted by the Regional Planning Organisation of Sind to project population growth in the province has estimated the present population of Sind at a little over 20 million which it points out will rise to 51.55 million by 2000.

The study reveals that Karachi District will be accommodating 10,381 persons per square mile at the end of this century against an estimated density of 3,912 persons per square mile presently.

The study points out that Sind's population density in 1951 was 111 persons per square mile, which increased to 154 persons per square mile in 1961 and then to 260 persons per square mile in 1972, while it would be 472 persons per square mile in 1990 and 750 persons per square mile in 1995.

Population density in Karachi was 833 persons per square mile in 1951, 1,501 persons per square mile in 1961 and 2,648 persons per square mile in 1972 which is being projected to increase to 4,993 persons per square mile in 1985, 6,171 persons per square mile in 1990 and 8,134 persons per square mile in 1995.

The study, which has given population growth and population density of 13 districts of Sind, has cited Nawabshah as second most densely populated district after Karachi with 761 persons per square mile followed by Hyderabad with 740 persons per square mile, Jacobabad 496 persons per square mile, Larkana 430 persons per square mile, Sukkur 373 persons per square mile.

Tharparkar, with population density of 119 persons per square mile, Khairpur with 132 persons per square mile and Dadu with 156 persons per square mile are the relatively sparsely populated districts of Sind.--PPI

KHARIF CROPS SOWING EXCEEDS TARGETS

Karachi MORNING NEWS in English 4 Sep 80 p 4

[Text] The sowing of all kharif crops during the current season in Sind has exceeded the target fixed earlier by the Federal Government.

According to latest field reports more acreage has been brought under cultivation of cotton, rice, sugarcane and maize which promises an increased production of these crops this year.

Cotton has been sown on 14.48 lakh acres against the target of 13.59 lakh acres showing an increase of 6.5 per cent. The output target has been fixed at 14 lakh bales.

According to official sources the condition of cotton crop was good and picking has been started in the early sown fields of Tharparkar, Badin and Thatta districts.

To protect cotton crop from pest attack, the farmers were being guided and so far 2.50 lakh acres of land was sprayed with insecticides.

The sources added that the rice crop was also free from pest infestation. This season rice has been cultivated on an area of 18.48 lakh acres against the target of 18.41 lakh acres while the production is 15 lakh metric tons.

There has been 8.09 per cent increase in the area brought under sugarcane cultivation this season against the target of 3.09 lakh acres the growers have sown sugarcane on 3.34 lakh acres.

According to the sources Sind was expected to produce 47 lakh metric tons of sugarcane this season.

Another Kharif crop maize has been sown on 58,500 acres against the target of 57,000 acres showing an increase of 2.63 per cent. The maize production target is 15,000 metric tons.--APP.

BRIEFS

BALANCE OF PAYMENT IMPROVEMENT--Faisalabad, Sept. 7--The pace of economic growth in Pakistan has accelerated during the fiscal year 1979-80 despite a few major setbacks. The overall increase in productivity has registered marked improvements in the balance of payment situation, this was disclosed to THE MUSLIM by an official source. According to the source the 6.2 per cent growth in gross domestic product during 1979-80 giving an average of 6.4 per cent for the preceding three years has been more than double the annual rise in population. The source further states that the two main commodity producing sectors of agriculture and manufacturing have registered growth rates of 6 and 8.1 per cent during the current year indicating an annual advance of 4.2 and 7.4 per cent respectively. The rise in agricultural production has stemmed from the bumper wheat and cotton crops. Wheat and cotton production has set an all time record of 10.87 million tons and 4.2 million bales respectively. [By Shamuul Islam Naz] [Text] [Islamabad THE MUSLIM in English 8 Sep 80 p 1]

NIGHT BLINDNESS--Rawalpindi, Sept. 7--A survey of nutrition related factors carried out in Azad Kashmir sometimes back indicated that night blindness was highest (1.67) per cent in Leepa valley whereas it was 0.66 p.c. in the whole sample area. [Text] [Islamabad THE MUSLIM in English 8 Sep 80 p 6]

PAKISTAN, LIBYA INVESTMENT COMPANY--The Karachi-based Pak-Libya Holding Company, established with a total capital of \$100 million, will start functioning next month. Pakistan and Libya will contribute equally in the company for industrial investment. This was stated by the managing director of the company at a meeting with the Chamber of Commerce and Industry in Karachi today. The company will also extend collaboration in other financial and industrial organizations. It intends to introduce a shipping company, help to rehabilitate (?ships made) in Pakistan and introduce export oriented agro- and mineral-based industries. [Text] [BK150112 Karachi Domestic Service in English 1700 GMT 14 Sep 80]

LIMITED IMPORTS, EXPORTS--The import of limited quantities of six items, including jira [cumin seed], dates, medical herbs and dry fruits, has been announced by the government from Iran via land route. Import permits will be issued to registered importers and preference will be given to applicants who have past imports to their credit. [Text] [BK151108 Karachi Domestic Service in English 1005 GMT 15 Sep 80]

WINDFALL TAXES LEVIED ON OIL COMPANIES

Kuala Lumpur BUSINESS TIMES in English 20 Aug 80 p 1

(Text)

MANILA, Aug. 19 Oil companies operating in the Philippines will have to pay windfall taxes of 50 per cent on extra income derived from fuel price increases permitted by the government since August 1 last year, a presidential decree said.

Retail prices of oil-based fuels have been raised twice in the past year, by 50 per cent in February and by between 10 and 17 per cent early this month.

The decree, signed by President Ferdinand Marcos on August 15, but only announced in published reports today, gave the oil firms 30 days to pay the taxes.

The decree said tax payments could not be deducted from taxable income, but could be offset against amounts owing from the government's crude equalization fund which imposes levies on the basic price of fuel to balance

differing prices of the Philippines' main crude suppliers.

It said extraordinary gains covered by the windfall tax include not only aggregate increases in the value of crude oil, base stocks and refined petroleum products resulting from authorized price increases but also gains due to a rise in the specific tax rates on petroleum products.

Companies affected by the decree are the local subsidiaries of Royal Dutch-Shell, Mobil and Caltex, as well as the Philippine-based Esso-Landell Energy Corp and the government-run Petronil Corp.

WASHINGTON: The International Finance Corporation (IFC), announced yesterday that a Philippine leasing company to assist private enterprise with emphasis on small and medium-sized business has been organized. — Reuter, AP

001117151 WAVE AFTER BUILDING UP

001117151 BUSINESS TIMES in English 29 Aug 80 p 6

001117151 by Philip Bowring

001117151

THE Philippines is used to earthquakes and — their after-effects — tidal waves. The earthquake causes most alarm, but the wave causes most damage and loss of life.

In the past months, the Philippines has been feeling the shocks of successive oil price increases on its balance of payments, its inflation rate and the real incomes of many people. That has been a visible, tangible issue to which the country has faced up.

The immediate shock has been largely absorbed, but the recessionary wave is still building up. True, energy price rises have been passed on to consumers, who have complained, but at least have had a visible external object on which to vent their frustration — the Organisation of Petroleum Exporting Countries.

Consumer price inflation has also now largely absorbed the oil shock. Prices in the first half of this year rose at an annual rate of 20 per cent, after an 18 per cent increase in 1979.

The rate of increases is beginning to fall sharply, as oil-related rises have now mostly flowed through. The rate for the whole year looks likely to be about 17 per cent, and by the end of the year the annualised rate could be closer to 10 per cent.

At government level, the shock has stirred efforts towards oil substitution through coal, hydro-electric power and geothermal energy.

The government has also absorbed the shock to its projections of current-account deficit. It accepted earlier than most non-oil developing countries that bigger deficits were inevitable, and by the end of last year had lined up SDR 610 million (£741 million) in International Monetary Fund standby credit under the Supplementary Financing Facility, and was near the head of the queue for World Bank loans aimed at plugging the balance of payments gaps.

The semi-permanent imbalance imposed by the oil cartel, and the huge bite it has taken out of the Philippines' income, suggest the nation will have to rely increasingly on agriculture to maintain growth and employment. Otherwise, it may cripple itself with an even heavier debt load than the present US\$3.5 billion net (equal to 27 per cent of gross national product).

Although the sharp shocks may be over, both President Ferdinand Marcos and Mr G.S. Licas, the central bank governor, have recently referred in gloomy terms to the difficulties ahead.

President Marcos urged Filipinos not to be "frightened."

When the International Monetary Fund standby was agreed late last year, it was estimated that the Philippines' current account deficit in 1980 would be about US\$3 billion, compared with US\$1.6 billion in 1979. The deficit would help sustain gross national product growth at least equal to last year's 5.5 per cent.

The way things look now, the current account should be close enough to the forecast. But gross national product growth is now likely to be substantially lower — probably below 5 per cent, perhaps less — if the buoyant agriculture sector is hit by bad weather.

The outlook into the first half of 1981 is, if anything, gloomier, as export markets are unlikely to see early recovery.

As in 1974, last year's oil shock was followed by a brief commodity boom. Last year, despite oil, the Philippines' terms of

trade rose by 4 per cent although that still left them a crushing 20 per cent below 1972 levels.

Manufacturing output rose by only 4 per cent last year, despite a sharp rise in manufactured exports, and this year is likely to be even worse, with exports again the only bright spot.

Agriculture, however, grew by 6 per cent in both 1978 and 1979, and should show similar strength this year. The Philippines is now a significant exporter of rice and is self-sufficient in corn. This is the one big difference between now and the last oil price recession. Then, foreign debts were small. Now, it may be scrapping for dollars. But at least the granaries are full — FT

001117151 4220

FOREIGN LOANS TO CENTRAL BANK, EXPLOSIVES PLANT

Part Domestic Borrowers

Manila Lumpur BUSINESS TIMES in English 15 Aug 80 p 16

[Text]

MANILA, Aug. 15

THE central bank of the Philippines has completed negotiations for a syndicated US\$100 million loan from 10 international financial institutions, Finance Ministry sources said on Sunday.

Sources said the Chemical Bank based in Hong Kong notified bank officials on Thursday, the day the deal was closed, of the participation by the Arab Banking Corporation, Bank of Montreal, Bank of Tokyo, and Midland Bank as the three other lead managers of

the syndication.

The loan is payable in eight years including a grace period of four years and has a 4 per cent interest spread over the six-month average London interbank offered rate (Libor).

The loan will be used by the bank for relending to domestic borrowers. A US\$200 million loan it obtained last February from 20 financial institutions has already been availed of by local firms.

— UPI

First of Its Kind

Manila Lumpur BUSINESS TIMES in English 24 Aug 80 p 8

[Text]

TWO foreign banks in Singapore are involved in a US\$14.3 million foreign currency credit package to Nobel Philippine Incorporation (NPI), which is building an ammonium nitrate and nitric acid plant in the Philippines.

The Singapore offices of Banco Urquijo SA and First Pennsylvania Bank NA are among the six banks participating in the two-part export credit package arranged and managed by Private Investment Company for Asia (Pica) SA and Philippine Investments Systems Organisation (Piso).

The other banks are Nordic Asia, Inter-Alpha Asia (Hong Kong), Bank

of America NT & SA, and FNB International Finance. The package, syndicated out of Manila, was signed last Wednesday in Hong Kong.

Of the total credit, \$12.4 million is provided through a buyers credit facility by the Export Credit Guarantee Department of the UK. This 10-year facility carries a favourable rate of 7.5 per cent per annum.

The other component is the Swedish export credit guarantee facility for the US dollar equivalent of 8.2 million Swedish kroners. Interest is fixed at 7.15 per cent with a seven-year maturity.

Such foreign currency

financing schemes are becoming increasingly popular recently, particularly for long-term project financing. They not only enable borrowers to obtain long-term financing at concessionary rates but are also better tailored to their needs. Where there is an exemption from withholding taxes, borrowers benefit from further savings.

Building of the NPI plant has already started with actual production expected by early 1982. The plant will be the first of its kind in the Philippines. The \$50 million project will enable NPI to capture "the major share of the civil explosives sales in the Philippines."

CANCELLATION OF LEE VISIT SEEN AS DELIBERATE REBUFF

Singapore BUSINESS TIMES in English 29 Aug 80 p. 6

[Article by Francis Daniel in Singapore]

[Text]

THE last minute Soviet cancellation of Prime Minister Lee Kuan Yew's visit this month to Moscow appears to be a deliberate policy decision made at the highest level in the Kremlin.

This is the view of high-ranking officials here, despite a Soviet explanation that the cancellation was due to an unspecified illness of Prime Minister Alexei Noyzha.

A government spokesman earlier had said that Singapore would accept the Soviet statement at face value and keep an open mind on the matter. But senior officials here privately expressed concern that the Russian move could have been motivated by political and diplomatic considerations.

They based their view on the fact that the Soviet decision was conveyed to Singapore on Aug 18, one day after a politburo meeting in Moscow.

This suggested that the cancellation of Mr Lee's visit, scheduled to begin on Aug 22, was made by the Soviet politburo, the country's top policy-making body, the officials said.

The Soviet decision could be in deference to its Vietnamese allies whose Foreign Minister Nguyen Co Thach had

cancelled his planned visit to Singapore earlier this month, they added.

The Vietnamese Minister told a Reuters correspondent in Hanoi earlier this month that the time was "inopportune" to visit the island state because he felt that his trip could not bring about an understanding between the two countries. He is scheduled to visit Moscow on Sept 2.

Singapore has been one of the most vociferous critics of the Soviet Union for providing massive military aid to sustain the huge Vietnamese military machine in Kampuchea.

Mr Lee's decision to visit Peking, the Soviet Union's arch communist rival, also was seen by the officials as a possible factor in Moscow's cancellation of the Singapore Prime Minister's trip.

The officials noted that Mr Lee's planned visit to China in October was reported only a few days before Soviet Ambassador Fedor Ivanovich Potapenko handed a note to the Singapore government calling off the Moscow trip.

The note contained only three sentences, and made no attempt to express genuine regret or fix another possible date

for the visit, they said.

This is the third time in 18 months that Mr Lee has cancelled a visit to Moscow. The official reason for the two previous cancellations was that the "time was not suitable."

Moscow and Singapore maintain diplomatic and trade links, but relations between the two states have become strained because of the 18-month-old Kampuchean conflict and the Soviet military role in Afghanistan. Singapore had joined other nations in the boycott of the recent Olympic games in Moscow.

Officials here said that one of Mr Lee's objectives during his visit to Moscow would have been to seek clarifications and make an appraisal of Soviet policies in South and Southeast Asia.

Singapore, along with its partners in Asean has declared that the Kampuchean and Afghan crises were interlinked in the Soviet Union's global strategy.

Deputy Prime Minister S. G. Rajaratnam will visit Pakistan, Bahrain and Iraq next month to propagate this view as part of a campaign to win Muslim support to counter a Soviet diplomatic offensive on the Kampuchean is-

sue at the forthcoming UN General Assembly session.

The battle at the General Assembly between the Soviet bloc on the one hand and Asian and its allies on the other would be on the question of who should occupy the Kampuchean seat at the UN.

Asian succeeded last year in drumming up enough support to retain the seat for the ousted democratic Kampuchean Khmer Rouge regime which has been reduced to fight a guerilla campaign against the Vietnamese-installed Heng Samrin government in Phnom Penh.

The Soviet bloc is expected to seek the expulsion of Chinese-backed Khmer Rouge in favour of the Heng Samrin regime or at least declare the UN seat vacant because of the unsettled conditions in Kampuchea.

Diplomatic sources said Moscow would be hard put to entertain Mr Lee with such a bitter confrontation looming at the UN session beginning on Sept 15.

Officials said the Soviet Union and 12 of its allies had also introduced a proposal at the UN calling for discussions on "peace, stability and cooperation

in Southeast Asia."

Some officials here also saw ominous signs in the Soviet move, particularly at a time when Vietnam was moving a large number of troops towards the Thai border.

Although no one here believes Vietnam is planning a large-scale invasion of Thailand, the officials do not rule out the possibility of a limited Vietnamese military action along the Thai-Kampuchean border.

The Vietnamese made a small-scale incursion into Thailand in June, a few days before an Asian foreign ministers meeting, to prevent the voluntary repatriation of Kampuchean refugees from camps along the Thai border. The action brought the joint condemnation of Asian and its allies, including the United States.

"The Vietnamese have proved time and again that they are capable of taking irrational decisions and actions," one official said. "It is difficult to say what they will do next."

Diplomatic sources said the cancellation of Mr Lee's trip to Moscow had removed a good opportunity to find a pointer on how a compromise political settlement could be obtained in Kampuchea. — Reuter

MEMORANDUM ON TECHNICAL COOPERATION SIGNED WITH PRC

Singapore BUSINESS TIMES In English 1 Aug 80 p 20

[Cont.]

SINGAPORE and China have signed a memorandum calling for closer cooperation in mechanical and electrical engineering.

As was the case with the trade agreement signed in December, the memorandum provides only the framework for closer cooperation between commercial companies. Areas of cooperation will have to be worked out later.

The memorandum was signed in Singapore on Tuesday by Vice-Minister of the Chinese First Ministry of Machine Building Industry, Tsao Wei-Lien, and Permanent Secretary of the Ministry of Trade and Industry, Ngiam Tong Dow.

As a first step, some local industrialists and foreign companies in Singapore have been invited to visit China this year, Mr Tsao said.

Among those invited is Brian Chang, managing director of Promet, a local shipyard. Mr Chang

may make the visit this October.

Mr Ng Pock Too, deputy director of the Economic Development Board, will lead a delegation of officials to China in the middle of next month.

The memorandum is the most tangible sign so far of Singapore's participation in China's modernisation.

Two areas of cooperation — the transfer of medium-level technology and joint production — will interest the two countries.

China now urgently needs technical and professional workers to modernise the economy and Singapore may be able to help train Chinese workers in middle-level technical skills.

China has drawn up an ambitious plan to train scientists, engineers, technicians and other professionals to operate and maintain the billions of dollars worth of machinery the country has ordered.

China has 300,000 to 400,000 technical graduates and by 1985 it plans to have an additional 800,000 to hasten the pace of economic development.

Some of the 800,000 technicians may be trained abroad, and Singapore companies may be requested to train some of them. Industry observers said it is in the petroleum, precision tools, electronics, electrical and instrumentation industries that Singapore can best play its role.

Singapore can also serve as a link between foreign investors and China. Foreign investors could establish subsidiaries in Singapore to manufacture intermediate-technology products for exports to China.

This arrangement is advantageous to foreign investors who consider the Chinese market to be not large enough to justify their investment there.

They could use Singapore as a manufacturing base to supply their traditional markets as well as the new Chinese market. Investors who adopt this approach will be well placed to exploit the Chinese market as it expands.

Both local and foreign companies in Singapore could also benefit from another arrangement — joint production with Chinese producers.

In the training of Chinese workers, it is understood that a European manufacturing company in Singapore may be among the first to train Chinese workers.

ATTITUDES OF LABOR FORCE CRITICIZED

Kuala Lumpur BUSINESS TIMES In English 27 Aug 80 p. 9

[Article by Francis Daniel]

[Text]

SINGAPORE'S growing affluence and full employment economy have given birth to a breed of workers officially described as "choosy, irresponsible, impatient and money-minded."

Two government surveys, submitted as confidential reports to Prime Minister Lee Kuan Yew, castigated such workers, who form a considerable segment of the labour force here, for jeopardising the island state's current efforts to restructure its economy.

The reports were made public earlier this month as government, labour and business leaders expressed concern that the declining standards of local workers could drive away potential investors and damage Singapore's economic advance.

A day after the disclosure of the surveys, Mr Lee said he would take in skilled foreign workers and professionals, possibly granting them permanent residence and citizenship, as a challenge to local workers to improve their skills.

"Better quality foreign workers can put the

spurs on the hinds of Singaporeans," Mr Lee said. Singaporeans must measure themselves against the highest international standards of economic performance if they were to be a dynamic nation, he declared.

Singaporeans enjoy the highest standard of living in non-oil Asia, next to Japan, and the 380-square-mile island state has become a major commercial and financial centre of South-East Asia with foreign capital providing the backbone for its economy.

But the reports by the Economic Development Board (EDB) and the Ministry of Labour made clear that at least 10 per cent of Singapore's more than one million work force has become complacent and indolent.

Some senior officials questioned the wisdom of publishing the reports, but Mr Lee, who prides himself on meeting political or economic problems head-on, decided on public disclosure as the best way to tackle the issue.

The disclosures coincided with some of the views of multinational and Japanese companies here about the bad work

habits of local workers.

According to the survey, one of the main complaints of all major enterprises in Singapore was the high labour turnover, commonly known here as "job hopping."

"Typical turnover rates range from six to eight per cent a month. In factories where the work is more demanding and the conditions less desirable, turnover can be as high as 10 per cent to 12 per cent," the EDB report said.

Female workers tended to resign in groups for reasons as trivial as being attracted to more stylish uniforms provided by another company, it said.

The report gave as one example a group of female workers left a Japanese company to join another which offered uniforms with a "princess line" rather than the plain blue smocks they wore at the old firm.

The report also cited another example in which a group of textile workers refused to do overtime to help their company meet an urgent export order because they wanted to watch a Chinese television serial.

The company had to install a television set in its premises and allow its workers time off to watch the programme.

Another company reported that when sports

activities were organised for the workers after factory hours, it received claims for overtime. When refused, the matter was brought up to the management as a legitimate grievance.

"Shift work and excessive overtime also repel our workers," said the report. Companies which had made big investments on newer machinery and other equipment could not get labour to run the third shift, it added.

"Even with the increase in shift allowance with a premium of 20 per cent for second shift and 30 per cent for third shift, it is still not possible to obtain workers," it said.

"Without resolving this problem of the third shift, our move to higher levels of capital investment and technology will be totally frustrated," it added.

Singapore's new economic policy, known here as the "Second Industrial Revolution," calls for upgrading the skills of local workers so that the island could move into a higher technological sphere.

Singapore has raised the wage levels of its workers by about 40 per cent during the past two years, bringing a chorus of protests from some foreign and local companies.

But Mr Lee said that there would be another

wage rise of 20 per cent next year to correct what he described as "over-cautious wage restraints" for five years from 1974.

He warned the workers, however, that wage increases in future years would be dependent more on their productivity than the current annual recommendation by the National Wages Council (NWC), a tripartite body of employers, labour unions and the government.

Trade and Industry Minister Goh Chok Tong, who was given the task of implementing the new economic policy, said that bad workers must be weeded out through group pressure "before their habits spread like cancer."

The slackening in work attitudes was still a problem involving only a minority of workers, but it must be corrected before it was too late, he added.

"I see no problems in the next two or three years in our efforts to upgrade our industrial structure, but after that, I put a small question mark."

"If we change for the worse, investors will either leave or stagnate their investments, and Singapore will no longer be able to enjoy full employment," Mr Goh said.

The president of the government-backed National Trades Union Congress, Mr Devan Nair, also urged Singaporeans to improve their work performance.

"Not to do so would be tantamount to committing national suicide," Mr Nair said in National Day message. — Reuter

INCREASED EMPHASIS ON TRADE WITH EUROPE

Kuala Lumpur BUSINESS TIMES in English 29 Aug 80 p 6

[Article by David Dodwell]

[Text]

THE government in Taipei, fighting to avoid economic recession after the most traumatic year in its 30-year life, has set its sights on Europe as a cure for its ills.

In the words of Mr Y.T. Wong, Vice-Minister of Economic Affairs, after a recent tour through Europe: "Over-dependence on the United States and Japan has typified the Republic of China's trade in the past. We must put more emphasis on commerce with Europe and achieve a more balanced trade with the region."

This shift results from various shocks since the beginning of 1979 — first, a fear of economic and diplomatic ostracism following decisions by the US, the World Bank and the International Monetary Fund to cut diplomatic links and instead recognise the Communist administration in Peking; second, a doubling of the oil import bill, which has plunged the balance of trade into deep deficit. After the last "oil crisis" in 1973, inflation temporarily leapt to more than 47 per cent.

The impact of the initiative has been almost immediate: exports to Europe in the first five months of 1980 are 58 per cent up on the same period in 1979, at US\$1.28bn. Exports to West Germany, Taiwan's biggest trading partner in Europe, are up by 62 per cent.

By contrast, exports overall (mainly textiles, garments, footwear, elec-

trical and other machinery, plastics and wooden products) grew by just 32 per cent, with exports to the US up by 31 per cent, and those to Japan actually down by 0.8 per cent.

Taiwan is a country that depends particularly heavily on foreign trade. In 1979, it totalled US\$30.88bn — 30.2 per cent up on 1978 — which accounts for 98 per cent of the country's gross national product (GNP).

Total trade has burgeoned from US\$2.26bn in 1969 to almost US\$31bn last year. And under projections laid out in the Ten-Year Plan for the decade ahead (published in March this year) the government aims at a total trade of US\$300bn by 1990, which calls for 12.4 per cent export growth and 12.5 per cent import growth every year.

Europe's share of this trade, while never large, has been growing steadily. In 1969, the US accounted for 31 per cent of Taiwan's trade (38 per cent of its exports and 24 per cent of its imports), with Japan accounting for another 31 per cent (15 per cent of exports and 44 per cent of imports) and Europe taking just 10 per cent (its share of imports and exports was approximately even).

By the end of 1979, Europe's share had grown to 13 per cent (a growth in value from just US\$220m to US\$480m), while the US share, still

dominant, had slipped to 29 per cent and Japan's to 23 per cent.

This trade growth took place despite the absence of diplomatic relations between Taiwan and any European country. Diplomats from both sides concede that trade would have grown even more briskly if diplomatic links had existed.

The main reason for turning to Europe is clearly the setback in relations with the US which, coupled with the prospect of an imminent recession in the US economy, points to much slower growth in trade across the north Pacific.

In addition, economic problems at home, closely linked with the alarming rise in cost of imported oil, have brought fresh pressure to boost exports. In the first five months of this year, oil imports cost US\$1.6bn, compared with just US\$750m during the same period last year.

The interest in Europe has taken many forms. Numerous trade missions have been mounted during the past eight months, with the most recent, led by Mr Y.T. Wong, Vice-Minister of Economic Affairs, ending in late July.

Five European banks are to be allowed to establish offices in Taipei, and recently the British Bank, Grindlays, was the first to be opened. At present there are 22 foreign banks operating in Taiwan, none from Eu-

rope.

A joint venture between Spain's Union Explosivos Rio Tinto and Taiwan's China Petroleum to build an oil refinery in Indonesia marks a breakthrough in commercial cooperation between the two regions. Plans for Tatung, Taiwan's leading electronics manufacturer, to set up a colour TV factory in Europe — either in Ireland or at Decca's ailing British plant, is another indicator of close contact.

While keen to promote its own exports, Taiwan recognises this must be linked with growing imports from Europe. Over the past decade, almost every country in Europe has held an unfavourable trade balance with Taiwan. In 1979, Europe's trade deficit with Taiwan stood at US\$600m, and it is likely to grow still further this year. In the five months to June 1, with imports from Europe growing at 27 per cent — only half the rate of export growth — Europe's deficit already stands at US\$480m.

The government in Taipei insists it is keen to boost its imports of European high-technology goods. In reducing its reliance on the US, it has signed a letter of intent to buy European Airbus aircraft and has hinted that future nuclear and thermal power units (20 nuclear units are planned over the next decade) could be built by European contractors. — FT

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